

FBIS

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CONTENTS

China

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PRC INTERNATIONAL AFFAIRS**GENERAL**

PRC Signs Agreements With 26 Developing Nations	A 1
Yao Yilin Meets Technical Conference Group	A 1
International Trade Seminar Ends in Beijing	A 2
PRC Delegate Addresses GATT Conference	A 3

UNITED STATES

RENMIN RIBAO Views U.S. B-52 Deployment [30 Nov]	B 1
RENMIN RIBAO on New U.S. Military Theory [27 Nov]	B 1
XINHUA Reports U.S. Training of Contras	B 2
Sino-American Textile Talks Called 'Failure' [CHINA DAILY 19 Nov]	B 2
Gu Mu Meets U.S. Investment Delegation	B 3

NORTHEAST ASIA

YANGCHENG WANBAO on Rumors of Kim Il-song Death [29 Nov]	D 1
PRC-DPRK Cultural Exchange Plan Signed	D 2
DPRK Military Delegation Visits Shenyang City [LIAONING RIBAO 11 Nov]	D 2
Gu Mu Meets DPRK Insurance Delegation 27 Nov	D 2
NPC Ratifies Consular Treaty With MPR 2 Dec	D 3
PRC-Japan Consultation Talks Held in Tokyo	D 3

SOUTHEAST ASIA & PACIFIC

PRC Urges Vietnam To Withdraw From Cambodia [RENMIN RIBAO 28 Nov]	E 1
RENMIN RIBAO on 'Vietnamizing' of Cambodia [21 Nov]	E 3
CHINA DAILY on SRV's 'Impasse' in Cambodia [28 Nov]	E 3
Philippine's Ileta Stresses Friendship With PRC	E 4
Malaysia To Ease Restrictions on PRC Travel	E 5
Malaysian Technical, Economic Mission Feted	E 5

SOUTH ASIA

PRC NPC Group Makes Visit to Nepal	F 1
Meets Friendship Group	F 1
Meets Foreign Minister	F 1
Meets Prime Minister	F 2
King Receives Delegation	F 2
Prince Greeted Delegation	F 3
Dalai Lama's Return Sought	F 3
Delegation Leaves Nepal	F 4
Delegation Returns	F 4

PRC NATIONAL AFFAIRS

NPC Committee Session Adopts Decisions, Closes	K 1
New Ministry Established	K 1
Ministry Motion Explained	K 1
Text of Customs Law	K 3
Peng Zhen on Bankruptcy Law	K 6
Two Ministries Combined	K 7
Consular Treaties Ratified	K 8
Bankruptcy Law Adopted	K 8
Round-Up of Opinions on Bankruptcy Law	K 9
[GONGREN RIBAO 15 Nov]	
JINGJI RIBAO on Necessity of Bankruptcy Law	K 12
[11 Nov]	
Hu Yaobang Meets Hong Kong Businessman 28 Nov	K 14

PRC REGIONAL AFFAIRS

EAST REGION

Shanghai Sells Transferable Bonds 1 Dec	O 1
Wang Fang Addresses Zhejiang Science Congress	O 1
Wang Fang at Hangzhou Swimming Ceremony	O 1

CENTRAL-SOUTH REGION

Guangdong Shows Steady Economic Progress	P 1
Hubei Party Committee Holds Plenary Meeting	P 1
Shenzhen Lifts Restrictions on Foreign Exchange	P 3
[WEN WEI PO 26 Nov]	
Guangdong Approves Bankruptcy Law for Shenzhen	P 4

NORTHEAST REGION

Liaoning Officials Visit Writers Meeting	S 1
Liaoning's Quan Shuren Inspects Mountainous Area	S 1
Liaoning's Secretary Unveils Studio Nameboard	S 1

NORTHWEST REGION

Gansu Secretary Stresses Implementing Resolution	T 1
Heilongjiang Secretary's Article on Resolution	T 1
NINGXIA RIBAO on Provincial Industrial Output [18 Nov]	T 2
Ningxia Report Emphasizes Grain Purchase	T 3
[NINGXIA RIBAO 6 Nov]	

Ningxia Products Sell Well at Trade Fair [NINGXIA RIBAO 8 Nov]	T 4
Qinghai Radio on Economic Successes, Problems	T 5
Qinghai Radio Discusses Economic Work in 1987	T 6
Qinghai PLA Deals With Sensitive Cadre Questions	T 7
Shaanxi Reaps Bumper Agricultural Harvest in 1986	T 8
Shaanxi Journal Deplores Cultural Atmosphere	T 8
Foreigners Unhappy With Xian Investment Climate	T 9
Xinjiang Party Committee Opens Plenary Meeting	T 9

TAIWAN

Dissident Hsu Hsin-liang Denied Entry to Taiwan	V 1
Not Allowed on Taipei Flight [AFP]	V 1
Backers Try Entry by Hong Kong [AFP]	V 2
Airline's Treatment Protested [AFP]	V 3
Taipei Arrival Reported [AFP]	V 4
Hsu Sent Back to Philippines [AFP]	V 5
MOFA Spokesman on Joining PECC, Policies	V 5

PRC SIGNS AGREEMENTS WITH 26 DEVELOPING NATIONS

OW281907 Beijing XINHUA in English 1459 GMT 28 Nov 86

[Text] Beijing, November 28 (XINHUA) -- Developing countries are eager to help each other and share experiences in technical development, a senior official of an international meeting said here today.

Shen Jueren, chairman of the Intergovernmental Programing Exercise for Technical Cooperation Among Developing Countries (TCDC) said that representatives from 26 developing countries have reached over 200 agreements on technical cooperation since the programing exercise opened here November 24. Shen announced this at a news briefing here today.

Of the agreements, over 140 were signed between China and other participating countries, and more than 60 were among the foreign participants.

The cooperation covers industry, agriculture, energy, medical service and health work, and other fields, in the forms of providing technical training, study tours, technical consultancy services and technical guidance.

Shen said representatives from countries of the Asian-Pacific region, Latin America and the Caribbean region "have explored ways of expanding their cooperation in the spirit of equality and mutual benefit."

S.M.S. Chadha said that the "meeting is very, very successful. The agreements reached among the participants are five times those of the previous meeting held here in 1983."

The previous TCDC meeting was attended by representatives from seven countries, and more than 38 agreements of technical cooperation were reached.

Chadha is director of the special unit for technical cooperation among developing countries of the United Nations Development Program. He said tht developing countries will hold meetings on economic and technical cooperation in New Delhi in February, in Cairo in March, in Tunisia in April and in Turkey in May next year, to further their cooperation and strengthen their capacity of self-reliance.

The meeting now being held here is jointly organized by the Chinese Government, the United Nations Development Program and the United Nations Department of Technical Cooperation for Development.

The meeting will close tomorrow.

YAO YILIN MEETS TECHNICAL CONFERENCE GROUP

OW292041 Beijing XINHUA in English 1657 GMT 29 Nov 86

[Text] Beijing, November 29 (XINHUA) -- Chinese Vice-Premier Yao Yilin, said here today that China is willing to make contributions to South-South cooperation to the best of its ability.

Yao was speaking to more than 50 Chinese and foreign participants at the Intergovernmental Conference on Technical Cooperation Among Developing Countries, held here from November 24 to 29.

He said China's policy of opening to the outside world means opening to all countries, including both developed and developing ones. The Chinese Government works for the unity and cooperation with other developing countries. China is willing to expand economic and technical cooperation with all other developing countries based on the principles of equality and mutual benefit, efficiency, diversification and common development.

Yao said the developing countries will have much to do in enhancing their individual and collective ability of self-reliance by making use of their existing technological capability.

"There is a bright future for the developing countries so long as they strengthen their unity and cooperate closely," he said.

He expressed gratitude to the United Nations Development Program and the United Nations Department of Technical Cooperation for Development for their help and support the work of the U.N. development system and strengthen our cooperation with this system."

An official from the United Nations Development Program said the meeting reached some agreements on cooperation in technology. The participants hoped the agreements would be soon implemented. He said the United Nations Development Program will continue to support cooperation among the developing countries.

INTERNATIONAL TRADE SEMINAR ENDS IN BEIJING

OW282153 Beijing XINHUA in English 1828 GMT 28 Nov 86

[Text] Beijing, November 28 (XINHUA) -- A Sino-Italian contract was signed here this evening for a gasification project in Beijing, which is said to be able to increase the number of the city's gas-supplied households by half in 1990.

It was the last contract signed at a three-day international trade seminar which was held for the first time by Beijing and ended here today.

It was signed between the Shoudu (Capital) Iron and Steel Company and the Progetti International Technical Company of Italy. The Beijing company will use the new techniques of the American Texaco Petroleum Company to turn coal into cooking gas.

When the project is completed in 1990, the plant will be able to pipe gas into 400,000 kitchens, about 50 percent more than the present figure.

It is learned that urban Beijing is now supplied with 1.5 million cubic meters of coal gas in addition to about 500,000 cubic meters of petroleum a day. But the daily needs surmount four million cubic meters.

The international trade seminar attracted more than 300 business people from 24 firms in Europe, Asia and Australia, and they discussed 161 projects offered by local authorities.

They expressed their intention to pursue cooperative production with their Chinese counterparts on 108 projects -- 67 percent of the projects they touched on, an organizing official told XINHUA today.

Fifteen contracts and a general agreement were signed. The value involved reached 441 million U.S. dollars, said Zhang Ming, vice-chairman of the Beijing Commission for Foreign Economic Relations and Trade. Zhang said that the projects ranged from cooperation in the production of foodstuffs, building materials and medicine to automotive components and machinery, and farm production. "Most of the projects are in urgent demand in the capital's economic development," he said.

The Japanese Matsushita Electric Industrial company signed a contract with the Beijing Electron Tube Factory and its two administrative companies for setting up a Beijing Matsushita Color Television Tube Company.

The company, involving an investment of 160 million U.S. dollars, will be the largest Sino-foreign electronics joint venture when it is completed in 1989. Its yearly output will be 1.81 million tubes.

PRC DELEGATE ADDRESSES GATT CONFERENCE

OW271024 Beijing XINHUA in English 0835 GMT 27 Nov 86

[Excerpts] Geneva, November 26 (XINHUA) -- The 42nd annual meeting of the General Agreement on Tariffs and Trade (GATT) ended here today amid the worries of the 92 contracting parties about growing protectionism in the world. The three-day conference reviewed the current situation of world commerce and discussed preparations for the eighth round of global trade liberalization talks.

The Chinese delegation, which is here as an observer, addressed the meeting to inform the GATT member states about the preparatory work China has done for the restoration of its membership. [passage omitted]

Qian Jia'ong, head of the Chinese delegation, joined other Third World nations in opposing protectionism. "Protectionism violates the trade atmosphere and shakes the very basis of the GATT system," he warned. He stated that China attaches great importance to the new round of multi-lateral trade negotiations.

Qian told the conference that preparatory work for the resumption of China's GATT membership is now in full swing in Beijing. "The drafting of a memorandum on China's economic and trade system, which is expected to be submitted to the contracting parties by the end of this year and early next year, is entering the final stage."

Qian said that China's economic and trade development over the year will undoubtedly contribute to the upcoming negotiations on the country's request for the resumption of its GATT membership, which was advanced last July.

The GATT decided at its current annual conference that the process of negotiations on China's request will officially start when the memorandum on China's economic and trade system is available.

RENMIN RIBAO VIEWS U.S. B-52 DEPLOYMENT

HK011001 Beijing RENMIN RIBAO in Chinese 30 Nov 86 p 6

["Jottings" by Zhang Liang (4545 5328): "Is It a New Signal?"]

[Text] On 28 November, the United States officially deployed the 131st B-52 heavy bomber equipped with Cruise missiles, thus going beyond the limit set forth by the second U.S.-Soviet Strategic Arms Limitation Treaty. A person from the Pentagon said that the reason the United States did so was that the Soviet Union had already violated this treaty long ago.

The Soviet Union reacted strongly to this. It not only categorically rejected the U.S. charge, but also asserted that this act by the United States will compel the Soviet Union to disregard the bounds of the treaty.

It appears that a dispute between the two superpowers is unavoidable. Perhaps outsiders may find it difficult to say who is right and who is wrong. However, it can be certain that their arms race will tend to spiral. To the people of various countries of the world who favor disarmament and treasure peace, this is evidently a bad omen.

The second Strategic Arms Limitation Treaty was signed by the U.S. and Soviet heads of state in 1979. Although they maintained different views and reservations on this treaty, the two sides stated verbally that they would observe the provisions of the treaty. At present, the United States and the Soviet Union are having a dialogue, holding talks on disarmament, professing their sincerity in disarmament, and striving to create an image of "peace" for themselves. However, if they continue arms expansion under the pretext that the other side has broken the treaty and pay no attention even to a treaty which is in black and white, what can be assured by these promises of disarmament?

RENMIN RIBAO ON NEW U.S. MILITARY THEORY

HK010846 Beijing RENMIN RIBAO in Chinese 27 Nov 86 p 6

["Jottings" column by Zhang Liang (4545 5328): "The Same Old Thing in a New Guise"]

[Text] It is revealed that a high-level military brain trust in the United States is currently studying the so-called theory of "low intensity conflict." [di lie du choing tu 0144 3525 1653 0394 4499]. This brain trust is composed of about 20 persons and is said to include "outstanding brains in defense" and "outstanding" figures.

The content of the theory of "low intensity conflict" has not been formally publicized yet. Some people call it "violent peace" [bao li he ping 2552 0500 0735 1627]. After going into its content, we can see that the theory is this: The United States will energetically assist its Third World allies in suppressing guerrilla forces in their countries on the condition that U.S. ground forces are not used. According to the brain trust, the theory of "low intensity conflict" can yield positive results within a few years so long as there are effective intelligence, a psychological capacity for meeting any emergency, and effective quality of the troops, and as long as the governments and causes supported by the United States are "legal."

If we scrutinize the theory, we can see that it seems to be a familiar one. Is this not the same stuff that appeared in the 1970's? In the 1970's, there were the so-called "brushfire war" and the "Asians-fighting-against-Asians" plan, which were based on the United States offering more money and guns and the Asian countries offering men. In those years, the United States planned on letting others fight its war so as to suppress struggles waged by the guerrilla forces in various countries. It did not want to be directly involved in the war, did it? However, the development of the situation was independent of its will, thus forcing it to sink deeper and deeper into an inextricable bottomless pit. Does this lesson remain fresh in people's memory?

It seems that these "outstanding" brains in the United States cannot bear loneliness and have racked their brains to produce the so-called "theory of low intensity conflict" in order to create a theory for its interventionist policy. It has also been lauding the theory to the skies. However, according to the NEWSWEEK magazine, this "theory of low intensity conflict has been applied in El Salvador," resulting in the current stalemate of the 7-year war between the U.S.-supported government troops and the Salvadoran guerrilla forces. It is a grossly mistaken assertion that the theory "can yield positive results within a few years!"

Over the past years, the United States has adopted many kinds of tricks to interfere in the internal affairs of other countries but has never been successful in doing so. Today's same old thing in a new guise produced by the brains will also not get the desired result. It seems that the only wise counsel that is available is to put a stop to this kind of unpopular activity.

XINHUA REPORTS U.S. TRAINING OF CONTRAS

OW291353 Beijing XINHUA in English 0821 GMT 29 Nov 86

[Text] Managua, November 28 (XINHUA) -- The United States is training Nicaraguan "contra" rebels at an Air Force base five miles from Fort Walton Beach, Florida, the NUEVA NICARAGUA News Agency said today.

The agency said the training is being run by the Central Intelligence Agency at Hurlbut Field, east of the Florida Panhandle City of Pensacola on the Gulf of Mexico.

Adolfo Calero, a ranking contra leader, said in Washington that his troops will receive six weeks of training in the U.S., part of the large package of American aid for the opponents of Nicaragua's Sandanista government.

The U.S. was forced to train the rebels at home because El Salvador, Honduras and Costa Rica rejected its request to allow training in their territory.

SINO-AMERICAN TEXTILE TALKS CALLED 'FAILURE'

HK300232 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 19 Nov 86 p 1

[By staff reporter Dai Beihua]

[Text] China and the United States failed to reach any agreement on their textile trade dispute in the latest round of negotiations in Beijing.

Local sources said that the failure of the negotiations, on October 28-30, will adversely affect certain categories of China's exports of textile goods to the United States.

BUSINESS WEEKLY has learned that over 20 categories of goods remain in dispute, restrictions on most of which were imposed by the U.S. this year.

On the Chinese side, the negotiators sought to reach a settlement at least at the current levels of China's trade, since premature calls for unilateral restraints from the U.S. side have already caused damage to China's exporters and U.S. importers as well.

The problems in trade between China and the United States ought to be solved by constant efforts from both sides to develop bilateral trade to our mutual benefit, they felt.

Since the first agreement on Sino-U.S. textiles was signed in 1980 with eight restricted export categories of textile goods from China, 48 categories have been added.

The U.S. has also increased its demands for the imposition of unilateral restraints by China on its export textile goods. In the first 10 months of this year, 22 new items were put on the list. Therefore, more than 90 percent of China's total textile goods exported to the U.S. are now subject to restraint.

In the negotiations, China and the U.S. disagreed on the American attempt to curb China's exports of silk blends and ramie. China has not decided whether to sign the new agreement regarding international trade in textiles reached by the Textile Committee of the General Agreement on Tariffs and Trade (GATT) on July 31 this year. The Textile Committee said the fourth agreement placed stricter limitations on exports of textiles from all developing countries including exports of all vegetable fibre blends and silk blends.

This is a step backward since the basic aim of the international textile trade agreement is to liberalize textile trade progressively, Chinese sources said.

China is a noted producer of ramie and has a history of 4,000 years in ramie growing and processing. According to an article in BEIJING REVIEW, China's ramie accounts for 80 percent of the world's total. China is also a major silk producer.

China's ramie industry has developed recently in the last few years to meet world needs.

The sources said, in calling on China to impose restraint on the export of silk and ramie blends, the American side lacks legal support both in the GATT agreement, which China has not signed, and in U.S. domestic laws.

GU MU MEETS U.S. INVESTMENT DELEGATION

OW181618 Beijing XINHUA in English 1531 GMT 18 Nov 86

[Text] Beijing, November 18 (XINHUA) -- Chinese State Councillor Gu Mu met a delegation from the National Council for the United States-China Trade led by its President Roger Sullivan here today.

YANGCHENG WANBAO ON RUMORS OF KIM IL-SONG DEATH

HK010934 Guangzhou YANGCHENG WANBAO in Chinese 29 Nov 86 p 3

[Article by Ji Zhi (1323 5347): "An Exploded Rumor Embarrasses Seoul"]

[Text] On 17 November, South Korean Defense Minister Yi Ki-paek announced in Seoul after an emergency meeting of the "cabinet" that Kim Il-song, chairman of the DPRK had been "assassinated." Later, broadcasting stations and press in South Korea, as well as some of the world's news agencies, relayed and reported the "information" to the public.

On the morning of 18 November at Pyongyang's airport, Chairman Kim Il-song personally greeted visiting Jambyn Batmonh, general secretary of the Mongolian People's Revolutionary Party and chairman of the People's Great Hural. On that day, over a score of diplomats accredited to Pyongyang also went to the airport. It was learned that some people wanted to see whether Chairman Kim Il-song would appear. After the reception ceremony, a Western diplomat said, "I saw him (Kim Il-song) with my own eyes. He looked fine. Wearing a smile on his face, he walked on his own and there was nothing unusual." On 19 November, Chairman Kim Il-song, joined by Korean Workers Party Central Committee Political Bureau Standing Committee member and Central Committee Secretariat member Kim Chong-il, met activists participating in the conference on "the campaign of striving for three great revolutionary red flags," which was held in Pyongyang. They also had a group photo taken to mark the occasion. At this time, Seoul's rumor was finally scotched.

This rumor, cooked up by South Korean authorities, has caused resentment among the South Korean people. On 18 November, the New Korea Democratic Party, the major opposition party of South Korea, demanded that the "cabinet" resign immediately. Other opposition parties also expressed no confidence in the "cabinet." The South Korean authorities explained that they made the report based on information announced over a loudspeaker. In addition, they claimed that a recording had been made, pictures of something like a flag flying at half-mast had been taken and so on. But when reporters asked them to make this "evidence" public, they stalled the reporters with this and that excuses.

At present, disturbances caused by the rumor still have not subsided. Opposition party figures of South Korea's "National Assembly" are still investigating the responsibility of Yi Ki-paek and his gang in this incident. Internationally, people are also asking about the truth of the matter. Reports from KYODO NEWS SERVICE said: Officials of the Japanese Government hold that the aim of South Korea at this time was to shift South Korean people's attention to the issue of democratic politics. Since the beginning of this year, democratic movements demanding revision of the "Constitution" and practicing "direct presidential election," sponsored by the New Korea Democratic Party and the Association for the Promotion of Democracy, have risen one after another. Failing to check these movements with both soft and hard measures, the South Korean authorities recently strengthened its suppression of democratic movements. On 3 November, the South Korean authorities enforced in areas around Seoul the "emergency alert order." On 17 November, they enforced across the whole territory of South Korea the "emergency alert order" while cooking up this rumor. In addition, they sent hundreds of policemen to surround the residence of the noted democratic figure Kim Tae-chung and put him under house arrest for the 37th time since February 1985.

PRC-DPRK CULTURAL EXCHANGE PLAN SIGNED

OW291256 Beijing XINUA in English 0913 GMT 29 Nov 86

[Text] Beijing, November 29 (XINHUA) -- A 1987-88 executive plan for cultural exchange between China and Democratic People's Republic of Korea was signed here today.

According to the plan, China and Korea will conduct extensive cooperation in the fields of science, education, literature and art, journalism, public health and sports.

Song Muwen, Chinese vice-minister of culture, and O Mun-han, head of a Korean cultural delegation and vice-chairman of the Korean Committee for Cultural Relations With Foreign Countries, signed an agreement concerning the plan on behalf of their respective governments.

Prior to the signing ceremony, Chinese Minister of Culture Wang Meng and O Mun-han held cordial talks, and both expressed the hope for increased bilateral cultural exchanges and cooperation.

Korean Ambassador to China Sin In-ha was present on the occasion.

The Korean guests, who arrived here yesterday, will visit Xian in northwest China, and Guangzhou, Zhuhai and Shenzhen in south China's Guangdong Province.

DPRK MILITARY DELEGATION VISITS SHENYANG CITY

SK240735 Shenyang LIAONING RIBAO in Chinese 11 Nov 86 p 1

[Text] An 11-member delegation of the DPRK People's Army, headed by Cho Sun-paek, member of the Central Committee of the Workers Party of Korea and general of the DPRK People's Army, arrived in Shenyang City on 9 November to pay a 3-day visit to the city. Li Haibo, chief of staff of the Shenyang Military Region went to the airport to greet the Korean military delegation. Liu Jingson, commander of the Shenyang Military Region, received and hosted a banquet in honor of the guests. During their stay in Shenyang City, the Korean guests visited factories, plants, and Beijing Park.

GU MU MEETS DPRK INSURANCE DELEGATION 27 NOV

OW271427 Beijing XINHUA in English 1157 GMT 27 Nov 86

[Text] Beijing, November 27 (XINHUA) -- Chinese State Councillor Gu Mu met here today a delegation from the Korean Foreign Insurance Company led by its President Paek Myong-non.

Both sides expressed satisfaction with the smooth insurance cooperation between the two countries.

Gu Mu briefed the Korean guests on the implementation of China's ongoing policy of opening to the outside world and situation in the special economic zones established in the country's coastal Guangdong and Fujian Provinces.

He said the application of these policies has, in general, been successful, adding that the direct foreign investment in China has so far amounted to over five billion U.S. dollars.

Paek Myong-non noted that the delegation had been impressed by their tour of the Shenzhen Special Economic Zone in Guangdong Province.

Since its arrival here November 18 as guest of the People's Insurance Company of China, the delegation has visited Yunnan and Guangdong Provinces in southwest and south China.

NPC RATIFIES CONSULAR TREATY WITH MPR 2 DEC

OW021018 Beijing XINHUA Domestic Service in Chinese 0934 GMT 2 Dec 86

[Text] Beijing, 2 Dec (XINHUA) -- The following is the decision of the Standing Committee of the National People's Congress on ratifying the Consular Treaty of the People's Republic of China and the Mongolian People's Republic adopted on 2 December 1986:

The 18th Session of the Standing Committee of the Sixth National People's Congress has decided to reatify the Consular Treaty of the People's Republic of China and the Mongolian People's Republic signed in Ulaanbaatar on 9 August 1986 by Liu Shuqing, vice minister of foreign affairs, on behalf of the People's Republic of China.

PRC-JAPAN CONSULTATION TALKS HELD IN TOKYO

OW271838 Beijing XINHUA in English 1609 GMT 27 Nov 86

[Text] Tokyo, November 27 (XINHUA) -- China and Japan have exchanged views on bilateral relations and international affairs at the 7th Sino-Japanese regular diplomatic consultation held here today.

Chinese Vice Foreign Minister Liu Shuqing made a brief review of the development of Sino-Japanese relations since the beginning of this year. Liu expressed the hope that next year, the 15th anniversary of the establishment of diplomatic relations between the two countries would see both China and Japan, in the light of their traditional friendship and the lessons existing in the history of bilateral relations, develop Sino-Japanese relations more smoothly in accordance with the Sino-Japanese joint statement and the Sino-Japanese peace and friendship treaty.

Japanese Deputy Vice-Foreign Minister Shinichi Yanai said to develop friendly relations with China is an important part of the foreign policy of Japan. Expressing his appreciation of Liu's viewpoint on the development of Sino-Japanese relations, he said the Japanese side will firmly and unshakably develop the friendly ties of cooperation with China and handle the problems standing in the way carefully and properly.

Japanese Foreign Minister Tadashi Kuranari received Liu Shuqing and his party this morning. He expressed happiness at the furtherance of Sino-Japanese relations, thanked the Chinese side for inviting him to visit China, and said he hoped to pay the visit as early as possible.

The Chinese vice minister arrived here yesterday afternoon and will leave for home November 30.

PRC URGES VIETNAM TO WITHDRAW FROM CAMBODIA

HK020427 Beijing RENMIN RIBAO in Chinese 28 Nov 86 p 6

[Article by Hong Yu (3163 1342): "Withdrawing Its Troops From Cambodia Is the Only Way Out for Vietnam" -- first paragraph published in boldface]

[Text] During the war of resistance against the United States, Vietnam's military expenditure was only one-third of its total financial expenditure, but now Vietnam has to devote half of its budget to military purposes. The Vietnamese authorities have shifted the heavy burden of their aggressive war onto the Vietnamese people, thereby driving the Vietnamese people to untold misery.

The Vietnamese leaders now describe the situation in their own country as characterized by "long-term economic difficulties," "shortage of social commodities," "soaring prices," "social disorder," "unbridled spread of negative things"....

The current economic and social difficulties of Vietnam are not largely a result of economic mismanagement as Hanoi's propaganda machine has claimed them to be, but a penalty for Vietnam's war of aggression against Cambodia.

After the war of resistance against the United States, Vietnam then made two 5-year plans for its national economic development. However, because Vietnam consistently carried out a policy of aggression and expansion, both of these plans failed to be realized. According to the Second 5-Year Plan (1976-1980) made by the Fourth National Congress of the Vietnamese Communist Party, the total industrial output value and the total grain production output would have been basically doubled, the average annual growth rate of the total industrial output value would have reached 16-18 percent, and the total grain production output would have increased from more than 11 million tons in 1975 to 21 million tons. However, the total industrial output value in 1980 registered a minus 9.95 percent growth as compared with 1978 and the total grain production output reached only 14 million tons. In addition, the quotas of many other main items also failed to be realized. During the Third 5-Year Plan (1981-1985), the Vietnamese authorities further lowered the quotas of various items and carried out a number of "economic reforms," but the industrial and agricultural production output quotas again failed to be fulfilled. Vietnam's magazine "COMMUNISM" said that half of the 28 important economic and social quotas set in the Third 5-Year Plan, including those of grain, coal, cement, timber, commodity export and so on, were not fulfilled. The grain production, which "enjoyed top priority" also fell very short of the quota set for the Third 5-Year Plan and failed to meet Vietnam's domestic needs. Therefore, Vietnam had to import several millions of tons of grain during that period. Vietnam suffered a serious shortage of the raw materials and energy required by its industrial production, and the equipment utilization ratio of the enterprises in Vietnam decreased from between 50 to 60 percent in the Second 5-Year Plan to between 40 to 50 percent in the Third 5-Year Plan, while commodity supplies in society also decreased a great deal.

The huge military expenditure for the war of aggression against Cambodia has eaten up Vietnam's precious economic construction funds. There are two sources for these funds: One is internal accumulation from its own national economy, the other is foreign aid. During the war of resistance against the United States, although military expenditure accounted for more than one-third of the total spending of the country, Vietnam was still able to overcome its difficulties thanks to the enormous amounts of aid provided by many countries in the world, including China, and by various international organizations and to internal accumulation from its own national economy. Now, the situation is different. Because of the protracted war of aggression against Cambodia, Vietnam's annual military expenditure now exceeds more than half of its national financial expenditure. Over the past few years, Vietnam has had almost no accumulation in its national economy. On the other hand, increasingly louder international condemnation of the Vietnamese aggression against Cambodia has led to economic sanctions. Many countries and international organizations have curtailed, frozen, or even cut economic aid to Vietnam. The loss of aid from international organizations alone has reached \$500 million a year. The decrease of foreign aid has dealt a heavy blow to the Vietnamese economy, whose losses cannot be compensated for by the Soviet assistance which is largely earmarked for military purposes.

With an empty national treasury and the loss of foreign aid, the Vietnam authorities have shifted the heavy burden of an aggressive war onto its people, which has been shown in the increasingly short supply of grain rations, non-staple food, and other daily necessities and consumer goods and the high inflation rate, thereby driving the Vietnamese people to untold misery. According to reports sent by XINHUA reporters from Hanoi, in September of this year, Vietnam's "annual inflation rate may have reached 700 percent," the prices "have risen 10 times in the past year alone," and "the purchasing power of the people who live only on their salaries has become increasingly low." In his open letter published by the Vietnamese newspaper QUAN DOI NHAN DAN, one reader complained: "People's purchasing power is only 10 percent of what it was a year ago. Today, the income of two wage earners is not enough to feed a family of five with rice, not to mention the purchase of other kinds of food, clothes, and stationery." The present life of the Vietnamese people can be summed up in the following three sentences: Post-war life is inferior to the wartime life; the present life is inferior to that in the past; and things are deteriorating year by year.

What the Vietnamese authorities worry about most now is that the Vietnamese people have "lost confidence" in the "party's resolution." What has added to Hanoi's internal crisis is its growing isolation on the international scene. The number of United Nations members voting for the resolution calling for the Vietnamese military withdrawal from Cambodia has increased from 91 in 1979 to 116 this year. Even Vietnamese leaders have had to admit that the international situation is becoming "increasingly unfavorable to Vietnam."

Marx and Engels once said: "The nation that oppresses other nations is actually casting chains which will bind itself." What Vietnam has so far experienced has proved the views of Marx and Engels to be correct.

The only way for Vietnam to get rid of its difficulties is to withdraw all its troops from Cambodia as demanded by the resolution passed by the United Nations and the 8-point proposal put forward by the Coalition Government of Democratic Kampuchea, so as to remove its heavy burden and enable it to carry out normal economic construction and eventually realize Chairman Ho Chi Minh's last wish, which was to build Vietnam into a prosperous and powerful country.

RENMIN RIBAO ON 'VIETNAMIZING' OF CAMBODIA

HK260727 Beijing RENMIN RIBAO in Chinese 21 Nov 86 p 6

[Article by Zhao Heman (6392 0735 2581): "Vietnam's Control and Plunder of Cambodia"]

[Excerpts] Since its invasion of Cambodia, Vietnam has intensified its efforts to realize its plan for Vietnamizing Cambodia in an attempt to turn it into a Vietnamese colony.

First, it has strengthened its control over the Cambodian puppet government. The Vietnamese authorities have tried their best to adorn the Phnom Penh puppet government since it was rigged up in early 1979. Vietnam directed the "general election" farce in areas under its control in 1979 and a puppet congress was called, a puppet constitution adopted, and a puppet government organized. At the same time, the banner of a "people's revolutionary party" was hoisted and able-bodied men were compulsorily recruited to reinforce the puppet army. Vietnam has attempted to create a false impression of "Cambodians ruling Cambodia" and the "legitimacy of the Phnom Penh government." However, the majority of UN member countries has all along acknowledged the Coalition Government of Democratic Kampuchea as the sole legitimate government of Cambodia, and world opinion has long exposed voluminous facts on Vietnam's manipulation and close control of the Phnom Penh puppet government. [passage omitted]

Mass emigration to Cambodia is another vicious measure of the Vietnamese authorities in pushing their plan for Vietnamizing Cambodia. [passage omitted]

Vietnam's frantic pursuit of colonizing and Vietnamizing Cambodia has gone against the will of the people. More and more Cambodians have seen the true face of the Vietnamese aggressors. Like all aggressors and colonialists in history, Vietnam's evil plot of annexing Cambodia and extinguishing the Khmer is destined to shameful failure.

CHINA DAILY ON SRV'S 'IMPASSE' IN CAMBODIA

HK280144 Beijing CHINA DAILY in English 28 Nov 86 p 4

["Opinion" column by CHINA DAILY commentator: "Vietnam's Impasse"]

[Text] The premier said that the only way for Vietnam to extricate itself is for it to withdraw its troops from Kampuchea and stop hostile activities against China. China firmly backs the Kampuchean resistance, the purpose being to urge Vietnam to abandon its erroneous policy. China will not change its present line so long as Vietnam refuses to desist from activities against China and aggression towards Kampuchea.

The Vietnamese authorities have recently uttered some fine-sounding words in an attempt to create the impression of "peaceful" intent. However, even before these words are translated into deeds, they are hardly convincing to anybody.

Chinese Communist Party General Secretary Hu Yaobang stressed that the withdrawal of Vietnamese troops from Kampuchea is not negotiable. The independence, sovereignty, and territorial integrity of Kampuchea must be completely restored. For long-term stability and peaceful neighbourly relations in Southeast Asia, Vietnam's aggression against Kampuchea must, first of all, be foiled.

Meanwhile, President Li Xiannian also warned the Vietnamese authorities that it is impossible for any nation to try to wipe out another. He urged them to seek a solution to the issue on the basis of the eight-point proposal put forward by the Coalition Government of Democratic Kampuchea with Norodom Sihanouk as its head. The proposal, made last March, called for the withdrawal of Vietnamese troops from Kampuchea in two phases and the formation of a national reconciliation government with the participation of the Hanoi-installed Heng Samrin regime on an equal footing.

An equitable and lasting solution to the Kampuchean issue, the eight-point proposal has won wide world support. Vietnam can prove that it has come to its senses by reconsidering its attitude to the proposal.

It has paid dearly for its aggression against Kampuchea. Unless it draws on this painful lesson and makes amends, it will meet with further woe.

Vietnam's continuing armed occupation of Kampuchea has gone on for almost eight years. It jeopardizes the stability of Southeast Asia and is a serious threat to peace in Asia and the Pacific region. It has naturally been of grave concern to the whole world. On different occasions in the last few days, three Chinese leaders have commented on the Kampuchean issue and have offered their views for consideration by the Vietnamese authorities.

Premier Zhao Ziyang said that Vietnam, beset with difficulties domestically and abroad, has never been so isolated from the world community and its economy is in a shambles. He pointed out that all this is the inevitable result of Vietnam's stubborn policy of aggression to Kampuchea and hostility to China.

The premier's words appropriately described Vietnam's predicament. Even the Vietnamese authorities, themselves, have had to admit that the economy is in a far from enviable state. Because of the heavy war burden, there is widespread deprivation and unbridled inflation. Life for the ordinary people is going from bad to worse. Searching for a way out, the frustrated leadership are stumbling around.

In October, the United Nations General Assembly again adopted a resolution calling for the withdrawal of Vietnamese troops from Kampuchea. It was approved by a vote of 116 to 21, the biggest majority since the world body first took up the Kampuchean issue in 1979. This is convincing proof of increasing support for the resistance and further isolation of the aggressor.

On the battlefield, Kampuchean resistance is turning the tables. After eight years of occupation, the invaders have lost their initial momentum. Supported by more and more people, the resistance forces have left the border areas and infiltrated deep into the heartland of their own country. To the chagrin of their foes, they are carrying out intensified guerrilla operations around the immediate vicinity of Phnom Penh. Still heavier blows will certainly be inflicted on the aggressor.

PHILIPPINE'S ILETO STRESSES FRIENDSHIP WITH PRC

HK261509 Beijing International Service in Tagalog 1130 GMT 26 Nov 86

[Text] The new defense minister of the Philippines, Rafael Ileto, said 2 days ago that China is a close neighbor of the Philippines and that these two countries are good friends. The Philippines always gives much importance to the development of good relations with its neighboring countries, including China.

Ileto made this statement when he met with the Chinese press delegation. He expressed hope that the relationship between the two countries will grow stronger through mutual exchange visits.

Armed Forces Chief of Staff General Fidel Ramos was also present during this occasion. He said that in 1975, when the Philippines and China began diplomatic relations, they already had close mutual relations. He thinks that this is an important and worthwhile development between the two neighboring countries.

Two nights ago, Ileto and Ramos met with a press delegation from China. They answered questions regarding the Philippine situation. These two senior military leaders also said that they fully support the decision of President Corazon Aquino to revamp the cabinet. They said that the president directly requested on the 23d that all the cabinet members resign and she accepted the resignation of Juan Ponce Enrile, the first one to file his resignation. This was a good move and Ileto said that in this decision Mrs Aquino's standing and prestige among the Filipino people became more outstanding. He also said that the cooperation between the government and the military is becoming closer. Others who were at the press conference were the vice defense minister of the Philippines, the Armed Forces deputy chief of staff, and other high-ranking military officials. The Chinese ambassador to the Philippines, Chen Songlu, was also present.

The Chinese press delegation arrived in Manila on 18 November, headed by Ding Yongning, on the invitation of the National Press Club of the Philippines.

MALAYSIA TO EASE RESTRICTIONS ON PRC TRAVEL

OW272347 Beijing XINHUA in English 1910 GMT 27 Nov 86

[Text] Hong Kong, November 27 (XINHUA) -- Malaysia will loosen restrictions on its citizens who want to visit China if the situation is permissible, an official from the Ministry of Home Affairs revealed. At present the government only allows Chinese-Malaysians to visit China after they reach the age of 60 or older, the Malaysian newspaper SIN CHEW JIT POH reported today. This practice has been followed for 12 years since the two countries established diplomatic relations.

In the first 10 months [of] this year, 9,490 Chinese-Malaysians visited China, an increase of nearly 30 percent compared to the same period last year, the official said.

MALAYSIAN TECHNICAL, ECONOMIC MISSION FETED

OW012053 Beijing XINHUA in English 1538 GMT 1 Dec 86

[Text] Beijing, December 1 (XINHUA) -- Li Lanqing, vice-minister of foreign economic relations and trade, held a banquet here today in honor of a Malaysian Government rubber and palm oil technical and economic mission. The mission is led by Lim Keng Yaik, minister of primary industries of Malaysia.

This morning, Li and Lim held talks on strengthening trade and technical cooperation in the primary products, particularly rubber and palm oil, between China and Malaysia.

PRC NPC GROUP MAKES VISIT TO NEPAL

Meets Friendship Group

OW262120 Beijing XINHUA in English 1655 GMT 26 Nov 86

[Text] Katmandu, November 26 (XINHUA) -- A welcome meeting sponsored jointly by Nepal-China Friendship Association and Nepal-China Cultural Council was held here today in honour of the visiting delegation of the Chinese National People's Congress (NPC).

Speaking at the meeting, Poorna Bahadur M.A., chairman of the friendship association, on behalf of the two organizations said that on the occasion of the world peace year and the coming 15th world Buddhist conference held in Nepal, the visit to Nepal by the Chinese NPC delegation led by Banqen is seen as a mark of the close friendship between the two neighbours.

He praised China's support for the proposal to declare Nepal as "a zone of peace" and for the country's development.

On the rapid development of China, he noted that it is a pleasure to the countries of the Third World, especially to neighboring Nepal.

Yu Wen, deputy head of the visiting delegation, said that the Chinese delegation came to Nepal, 'a peace zone', as a mission of friendship and peace with the friendly feelings of the Chinese people and Buddhists.

He noted "peace is most valuable", which is not only for the Chinese people and Buddhists but also for the other country's people and the other religious followers. To maintain peace, he added, common efforts are necessary for the different nationalities and religious devotees.

He wished that the good-neighborly relations between the two countries would develop from generation to generation.

By helicopter, Banqen Lama today visited Lumbini, the birth place of Sakyamuni, founder of Buddhism.

Meets Foreign Minister

OW271858 Beijing XINHUA in English 1240 GMT 27 Nov 86

[Text] Katmandu, November 27 (XINHUA) -- Nepalese Foreign Minister Sailendra Kumar Upadhyaya today expressed the hope that friendship and cooperation between Nepal and China would be further developed and strengthened.

He made the remark when meeting the Chinese National People's Congress (NPC) delegation led by Banqen Erdini Qoigyi Gyancan, vice-chairman of the NPC Standing Committee.

The foreign minister also hoped that the two countries' cooperation in economy, industry and other fields would be strengthened.

Banqen said both China and Nepal belong to the Third World. They have made great efforts to maintain world peace.

He praised Nepal for its insistence on implementing an independent, peaceful and non-aligned foreign policy. He said that China consistently supports the proposal that Nepal be declared "a zone of peace."

He noted that since the Tibetan Region of China is an immediate neighbor of Nepal, there is a broad prospect for Tibet and Nepal to boost their cooperation in the fields of economy, trade, tourism and transport.

The Chinese delegation arrived here on November 24 for a one-week visit.

Meets Prime Minister

OW281353 Beijing XINHUA in English 1208 GMT 28 Nov 86

[Text] Katmandu, November 28 (XINHUA) -- Nepalese Prime Minister Marich Man Singh Shrestha said here today that on the basis of five principles of the peaceful coexistence, the development of relations between Nepal and China is an example in the relations among nations.

The prime minister made these remarks while meeting the delegation of China's National People's Congress (NPC) led by Banqen Erdini Qoigyi Gyancan, vice-chairman of the NPC's Standing Committee.

Banqen said China and Nepal are the close and friendly neighbors linked with mountains and rivers. They have made contributions to the cause of peace in Asia and the world, and have cooperated and supported each other in international affairs.

Good results have been achieved in many fields, especially in trade, tourism and transport between the Tibetan region of China and Nepal in the recent years, he said.

King Receives Delegation

OW281431 Beijing XINHUA in English 1321 GMT 28 Nov 86

[Text] Katmandu, November 28 (XINHUA) -- King Birendra and Queen Aishwarya of Nepal received here today Banqen Erdini Qoigyi Gyancan, vice-chairman of the Standing Committee of the Chinese National People's Congress (NPC), and the NPC delegation led by him.

King Birendra told the delegation that relations between Nepal and China will be as close as in the past.

The king said that the development of the friendly relations between the two countries reflected the farsightedness of the leaders of the two countries and the correctness of the steps they took since Nepal and China established diplomatic relations in 1955.

Banqen said that on the basis of the five principles of peaceful coexistence, China and Nepal always respect, trust and treat each other as equals and cooperate with sincerity.

On behalf the Chinese Buddhist Association, he presented to the king a drawing of a Buddhist temple which will be built by China in Lumbini, which was said to be the birth place of Sakyamuni, founder of Buddhism, in southern Nepal. He noted that the temple will be a symbol of the deep friendship between the Buddhists of the two countries.

Prince Greet's Delegation

OW291318 Beijing XINHUA in English 0748 GMT 29 Nov 86

[Text] Katmandu, November 29 (XINHUA) -- Banqen Erdini Qoigyi Gyancan, vice-chairman of the Standing Committee of the Chinese National People's Congress (NPC) has said that the Chinese Buddhist association is willing to build a Buddhist temple in Lumbini as a contribution to Nepal's Lumbini development project.

Banqen Lama, who is leading a visiting NPC delegation, made the offer when Nepalese Prince Gyanendra, chairman of the Lumbini Development Trust, met him here last evening.

As a devout Buddhist, he said, he was very pleased to be a pilgrim to Lumbini, the birth place of Sakyamuni, founder of Buddhism, during his visit.

Nepal plans to construct Lumbini, the sacred place of the world Buddhists in the southwest of the country, into a centre of pilgrimage and tourism with international assistance.

The Nepalese prince said that China's offer to build the temple reflects the friendly feelings of the Chinese Buddhists. It will promote the development of the Lumbini project, he added.

Nepalese people appreciate China's friendly support to the proposal declaring Nepal a peace zone, the prince said, adding Nepal will continue to make efforts for developing the friendship between the two countries.

Banqen said that the development of the friendly and cooperative relations between China, including its Tibetan region, and Nepal benefits the two nations.

Dalai Lama's Return Sought

OW300318 Beijing XINHUA in English 0300 GMT 30 Nov 86

[Text] Katmandu, November 29 (XINHUA) -- Banqen Lama of China has called on Dalai Lama, exiled in India since the 1950s, to return home and contribute to the unity of the country and to the development of Buddhism in China.

Banqen Erdini Qoigyi Gyancan, head of a visiting delegation from the Chinese National People's Congress (NPC), made the remarks in an interview with the newsmen here this evening at the royal guesthouse. He said the return of the Dalai Lama is "the common will of Chinese Buddhists and the Tibetan people."

Banqen, vice chairman of the Standing Committee of the NPC, began the visit to Nepal last Monday with a pilgrimage to Lumbini, the Buddhist holy place. He was a distinguished guest at the 15th World Buddhist Conference here on November 27.

Referring to the religious policy of China, Banqen said the Chinese Government has consistently followed a policy of freedom of religious belief since the founding of the People's Republic of China in 1949.

He said religious freedom is now protected and respected including the rights and interests of monks and nuns and the protection of temples.

On relations between Buddhists of China and Nepal, Banqen Lama said a profound friendship has been built since the establishment of diplomatic relations of the two countries in 1955.

Since Nepal is the sacred birth place of Buddha, Chinese Buddhists are willing to undertake exchanges and form comprehensive ties with Nepalese Buddhists, he added.

On relations between the two countries, Banqen said they are "a model of firm adherence to the five principles of peaceful coexistence by countries of different social systems."

Early this morning, Banqen Lama led the prayer for long life and gave the hand blessing to some 1,500 Nepalese lamas and Tibetan devotees in Nepal at the garden of the royal guesthouse.

Delegation Leaves Nepal

OW301101 Beijing XINHUA in English 0718 GMT 30 Nov 86

[Excerpt] Katmandu, November 30 (XINHUA) -- A Chinese National People's Congress (NPC) delegation led by Banqen Erdini Qoigyil Gyancan left here this morning for home after a week-long good-will visit to Nepal.

In a message to King Birendra before his departure, Banqen, vice-chairman of the NPC Standing Committee, said that the visit was very successful. [passage omitted]

Delegation Returns

OW301339 Beijing XINHUA in English 0911 GMT 30 Nov 86

[Text] Beijing, November 30 (XINHUA) -- A delegation of the Chinese National People's Congress (NPC) led by its Standing Committee's vice-chairman Banqen Erdini Qoigyil Gyancan returned to Beijing this afternoon by special plane at the end of a friendly visit to the Kingdom of Nepal.

On board the same plane were Zhao Puchu, special advisor to the delegation, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and president of the Buddhist Association of China; and Yu Wen, deputy head of the delegation, member of the NPC Standing Committee and vice-chairman of the NPC Nationalities Committee.

Greeting the delegation at the airport were Ngapoi Ngawang Jigme, vice-chairman of the NPC Standing Committee; Chen Zida, vice-chairman of the CPPCC National Committee; and Nayan Bahadur Khatri, Nepalese ambassador to China.

NPC COMMITTEE SESSION ADOPTS DECISIONS, CLOSES

New Ministry Established

OW021036 Beijing XINHUA Domestic Service in Chinese 0932 GMT 2 Dec 86

[Text] Beijing, 2 Dec (XINHUA) -- Decision of the Standing Committee of the National People's Congress Regarding the Establishment of the Ministry of Supervision of the People's Republic of China.

(Adopted on 2 December 1986)

In accordance with the State Council's request, the 18th Session of the Standing Committee of the National People's Congress decides to establish the Ministry of Supervision [jian cha bu 4148 1390 6752] of the People's Republic of China to reinstate and establish the state's administrative supervisory system and intensify the state's supervisory work.

Ministry Motion Explained

OW300001 Beijing XINHUA Domestic Service in Chinese 1216 GMT 27 Nov 86

[Text] Beijing, 27 Nov (XINHUA) -- Premier Zhao Ziyang submitted to the NPC Standing Committee a motion calling for the establishment of the PRC Ministry of Supervision to restore a state administrative supervision system. Entrusted by the State Council, Vice Premier Qiao Shi explained the motion at a plenary meeting of the 18th session of the 6th NPC Standing Committee today.

Premier Zhao said in the motion: The Ministry of Supervision is designed to supervise the fulfillment of duties by government organs, government workers, and leading cadres of state-run enterprises and institutions, to ensure the implementation of state policies, laws, and regulations, to ensure smooth proceeding of the comprehensive reform and the four-modernizations program, and to further improve the socialist legal system.

Qiao Shi said: Item (8) of Article 89 of the PRC Constitution stipulates that the State Council "directs and administers the work concerning civil affairs, public security, judicial administration, supervision, and other related matters." In accordance with this constitutional stipulation, a motion was introduced by the Anhui provincial delegation at the fourth session of the Sixth NPC this year. In addition, some NPC deputies and CPPCC National Committee members have repeatedly proposed the establishment of state administrative supervisory organs under the State Council and local people's governments at and above the county level.

Qiao Shi pointed out: The proposal on the establishment of state administrative supervisory organs made by the NPC deputies and CPPCC National Committee members reflects the objective needs of our socialist modernization. At present, party discipline violators are handled by the party's discipline inspection commissions, and law-breakers are handled by public security organs, procuratorates, and courts; but there are no supervisory organs to deal with administrative discipline violators. This situation prevents us from perfecting the state administration and from bringing government functions into full play in accordance with the Constitution.

In the course of the reforms of the last few years, some government organs failed to adhere to and implement state policies, laws, and regulations; and some government workers and some government-appointed leading cadres of state-run enterprises and institutions violated state policies, laws, regulations, and discipline, causing a great deal of complaints among the people. To ensure that state functionaries do upright and honest work and serve the comprehensive reforms and the four modernizations in an even better way, our government has an urgent need to establish supervisory organs to supervise government departments, government workers, and government-appointed leading cadres of state-run enterprises and institutions with regard to their implementation of state policies, laws, and regulations, and their observance of administrative discipline. These supervisory organs will improve administration, enhance administrative efficiency, and ensure the sound development of socialist construction.

He said: In the early years of the People's Republic there was a People's Supervisory Commission under our Administrative Council. In September 1954, the People's Supervisory Commission was changed to the Ministry of Supervision when the Administrative Council became the State Council. Both the People's Supervisory Commission and the Ministry of Supervision has done a great deal of effective work with good results in implementing state policies and decrees, upholding state discipline, protecting state property, and supervising government organs, state-run enterprises, joint state-private enterprises, and cooperatives. For certain reasons, the Ministry of Supervision was abolished in April 1959.

Qiao Shi said: It has been 27 years since then. Now, our political and economic situation has greatly changed. To meet the new situation, the new government supervisory organs will be different from those of the 1950's in three respects: (1) Under the new circumstances, the government supervisory organs will no longer supervise joint state-private enterprises, cooperatives and their personnel; of state-run enterprise personnel, only the government-appointed leading cadres are subject to their supervision; and the new supervisory organs will have the additional duty of supervising government-appointed leading cadres of state-run institutions. (2) The government supervisory organs will work under a system of dual leadership, as local supervisory organs at all levels shall be under the leadership of both local people's governments and higher-level governments supervisory organs. (3) The new government supervisory organs will continue to have the power to inspect, investigate, and make suggestions as their predecessors did; and to meet the needs of actual work, they will also be given certain power to take administrative disciplinary measures, up to recording a major demerit, against state functionaries and government-appointed leading cadres of state-run enterprises and institutions. At the same time, a government supervisory organ may appeal to higher-level supervisory organs or the State Council if any suggestion duly made by it according to its power is not accepted.

He pointed out: The duties of the government supervisory organs are: To inspect the implementation of state policies, laws, and regulations by those who are subject to the supervision; to supervise the handling of those who violate state policies, laws, regulations or administrative discipline; to handle accusations by any individuals or organizations against anyone who violates state policies, laws, regulations, or administrative discipline, and who is subject to this supervision; to handle the appeals made by those who refuse to accept disciplinary punishment; and to examine the disciplinary measures taken by lower-level supervisory organs against personnel appointed by the State Council or by local people's governments.

Text of Customs Law

OW291708 Beijing XINHUA in English 1443 GMT 29 Nov 86

[Text] Beijing, November 29 (XINHUA) -- Following is the full text of the new Chinese customs procedures for the foreign investment enterprises to import needed materials and parts:

Procedures of the customs of the People's Republic of China for the administration of materials and parts that enterprises with foreign investment need to import in order to perform product export contracts:

Article 1: These procedures are formulated in accordance with the provisional customs laws of the People's Republic of China and relevant provisions of the State Council for the endowment of foreign investment in order to encourage the re-export after processing of materials and parts that enterprises with foreign investment need to import in order to perform product export contracts and to expand exports to generate foreign exchange.

Article 2: Enterprises with foreign investment shall, in accordance with the provisions of these procedures, enjoy preferential treatment and shall undertake the obligations of declaring customs and paying taxes. The goods imported and exported by them shall be declared to the customs strictly according to the facts. Machinery and equipment, vehicles used in production and raw materials, fuel, completely knock-down parts, spare parts, component, sets of parts, auxiliary materials and packaging materials (hereinafter referred to as "materials and parts") shall be categorized as bonded goods and shall be subject to supervision and control by the customs.

Article 3: The imported machinery, equipment, vehicles used in production, and materials and parts referred to in Article 2 of these procedures shall be exempted from the requirement of obtaining import licenses. The customs shall inspect and release such imports on the basis of the enterprise contract or the import-export contract. For products that are processed from materials and parts imported by enterprises with foreign investment and then re-exported, at the time of re-export, the customs shall handle the inspection and release of such products in accordance with the provision of the procedures of the Ministry of Foreign Economic Relations and Trade concerning the application of import and export licenses by enterprises with foreign investment.

If imported materials and parts are used in products to be sold domestically, the enterprise with foreign investment in question shall handle retroactively import procedures in accordance with the relevant provisions of the state.

Where such products belong to the category of commodities subject to the administration of import licenses, licenses for the import of goods shall be delivered to the customs for inspection.

Article 4: The imported materials and parts referred to in Article 2 of these procedures shall be exempted from import customs duties and the consolidated industrial and commercial tax if such imported materials and parts are used in the actual processing of products for export.

The tax free materials and parts referred to above shall include reasonable quantities of imported catalysts, catalytic agents, abrasives, fuel and so on that are directly used in the processing of products for export and that are consumed in the production process.

Imported materials and parts shall be restricted to be used by the enterprise that processes products for export and such products may not be sold on the domestic market. For any imported materials and parts that are used in processed products that are, with cause and upon approval, turned to domestic sale, taxes shall be made up according to regulations, taxes may be reduced or exempted for substandard and defective products and waste and scrap materials that are created during the production process in accordance with their use value and the exercise of discretion in light of the circumstances.

Article 5: Materials and parts that enterprises with foreign investment need to import in order to produce products that are included in the list of products to replace imports approved by the department in charge as stipulated by the state shall, in light of these procedures, be treated as bonded goods and the customs shall exercise supervision and control. At the time of import, procedures for deferred payment of taxes shall be handled. When the products referred to above are supplied to domestic users, import customs duties and consolidated industrial and commercial tax on the imported materials and parts used shall be paid to the customs, and import procedures shall be handled retroactively in accordance with provisions.

If domestic users import similar types of products from abroad, they may enjoy preferential tax reduction or exemption. When enterprises with foreign investment supply the products referred to above to these users, preferential tax reduction or exemption may also be granted, provided that they shall, in accordance with the relevant provisions of the state deliver, for inspection, the certificate of tax reduction or exemption that has been approved by the department in charge.

Article 6: Materials and parts purchased by enterprises with foreign investment from the bonded warehouses of relevant departments or imported by other enterprises entrusted by the enterprises with foreign investment shall be treated the same as those imported by the enterprises with foreign investment themselves and shall be handled in accordance with the relevant provisions of these procedures.

Article 7: Enterprises with foreign investment that engage in the business of importing materials for processing shall go to the customs in the locality (or the appropriate administrative division of customs) with the relevant contracts to handle procedures for filing for the record and registration, and upon the examination of customs a manual of the customs of the People's Republic of China for the registration of materials and parts needed to be imported for processing and re-export by enterprises with foreign investment in order to perform product export contracts (hereinafter referred to as the "registration manual") shall be issued. Those enterprises that are qualified, upon ratification by the customs in the locality, may be dealt with in accordance with the administrative provisions of the customs for bonded factories that import materials for processing.

When the above-mentioned materials and parts are imported and, after processing, the finished products are exported, an enterprise with foreign investment shall make declarations to the customs at the place of entry and exit by presenting the registration manual, three copies of the customs declaration form for imported and exported goods, the invoice for the goods, packing lists and other relevant lists and certificates. The competent customs shall make annotations and comments, And then affix a seal on the registration handbook, which shall then be returned to the enterprise with foreign investment, which shall use this to handle verification and cancellation procedures at the customs in the locality (or the appropriate administrative division of customs).

Article 8: In respect of imported materials and parts imported under the items of each import contract, within 2 months after the implementation and completion of the relevant contracts, enterprises with foreign investment shall present the registration manual, the customs declaration form for imported and exported goods and other relevant documents to customs for handling verification and cancellation procedures.

For the situation of the import, storage and care, allocation for use and passing on to factories for processing of materials and parts, and the storage, export and domestic sales of the finished products after processing, enterprises with foreign investment shall set up specialized account books and shall submit quarterly statements to customs for examination. As for products with a long production period, upon the verification and approval on customs, such statements may be submitted every 6 months.

Article 9: If products processed from imported and tax-exempted materials and parts are, upon approval, sold domestically, then the enterprise with foreign investment shall, within 1 month of the date of approval, make up payment to the competent customs the customs duties and consolidated industrial and commercial tax on the imported materials and parts that were originally exempted from tax.

Article 10: Except where customs has given approval because of special reasons, enterprises with foreign investment shall, within 1 year of the date of import of the tax-exempted imported materials and parts, process them into finished products and perform the relevant contracts.

Article 11: When imported materials and parts after processing into finished products are not exported directly but instead are transferred to another production enterprise that continues processing the imported materials for re-export and that carries out reprocessing and assembly, the enterprise that imported the materials and parts shall together with such production enterprise go to customs with the purchase and sales contract or production and processing contract signed by the two parties and other relevant documents to handle transfer and verification and cancellation procedures. Such production enterprise that carries on the business of continuing the processing of imported materials for re-export shall, in accordance with the stipulations of these procedures, apply for a new registration manual, and shall comply with the relevant stipulations of these procedures and shall accept the supervision and control of customs.

Article 12: If after the importation of materials and parts any alteration, transfer, suspension or cancellation of contracts, etc. occurs, the enterprise with foreign investment concerned shall, in a timely manner, go to customs to handle procedures for alteration, transfer, or cancellation.

Article 13: In order to facilitate the business activities of carrying out processing and export by enterprises with foreign investment and by production enterprises that carry on the business of continuing the processing of imported materials for re-export, customs may, based on the actual situation, dispatch customs officers to be stationed at the factories to carry out actual supervision and control, and may examine the relevant account books. The enterprises referred to above shall provide offices and necessary facilities.

Article 14: Enterprises with foreign investment may not, without authorization, transfer or sell domestically imported materials and parts and their processed products that are bonded goods. If an enterprise concerned is found to have made a transfer, or to have sold domestically without authorization, or to have acted illegally in violation of the stipulations of these procedures, the matter shall be dealt with by customs in accordance with customs law and the relevant decrees and provisions of the state.

Article 15: These procedures shall be implemented from December 1, 1986.

Peng Zhen on Bankruptcy Law

OW010531 Beijing XINHUA Domestic Service in Chinese 1424 GMT 19 Nov 86

[Text] Beijing, 29 Nov (XINHUA) -- At today's joint group meeting of the 18th Session of the 6th NPC Standing Committee, Peng Zhen, chairman of the NPC Standing Committee, said: Our Enterprise Bankruptcy Law is also for promoting self-decision powers in state-owned enterprises, giving them better vitality, and facilitating reform of the economic system. Since we do not have experience, we can start experimenting in selected units. All new and major issues should first be subject to experiment. Tests should be conducted in handling major current problems. This is a time-honored approach, which has proved to be highly effective.

Peng Zhen said: Regarding state-owned enterprises' right of ownership and operation, Article Seven of the Constitution States: "the state economy is the sector of the socialist economy under public ownership." But this does not equate state economy with an enterprise. We now have more than 93,000 state-owned industrial enterprises. If they are taken as a whole, how can the state manage them? Article 16 of the Constitution states: "State enterprises have decisionmaking powers in operations and management within the limits prescribed by law, on condition that they submit to unified leadership by the state, and fulfill all their obligations under the state plan."

He said: Now, in addition to state-owned enterprises, we have more than 360,000 "large collectives," over 12 million village and town enterprises, as well as enterprises with Sino-foreign investments, cooperative ventures, and businesses wholly owned by foreigners. Lateral economic ties and contractual relationships exist among them. Of the hundreds of millions of contracts signed each year, some may not be honored. Some enterprises cannot repay their debts on time. This leads to a problem: Does a state-owned enterprise, as a legal person, bear limited or unlimited civil responsibility? If the responsibility is unlimited, then the state would have to repay all the debts for the enterprises. If this is the case, each contract signed should have the state's approval. This will not help solve the problem of enterprises "eating from the same big pot" of the state, nor will it stop bureaucratism. Therefore, state-owned enterprises can only bear limited responsibility. A bankruptcy law is needed to solve the problem of state-owned enterprises being unable to make a timely repayment of their debts.

Peng Zhen said: This law is currently applicable to state-owned enterprises only. At present, not many enterprises are going bankrupt. As lateral economic relationships develop and more contracts are signed, more enterprises may do so. How can the state handle this situation if it takes on all the responsibilities, while the enterprises only bear limited responsibility?

He said: The State-Owned Industrial Enterprises Law has not yet been formulated, so we have problems formulating an enterprise bankruptcy law. The crux is that enterprises have yet to acquire greater self-decision powers in operations and management; the plant directors' responsibility system has yet to be popularized, giving plant directors greater powers in directing production, operations and management; and workers have yet to exercise their right to democratic management of enterprises. Hence, enterprises are not ready to take up the responsibility of bankruptcy. In this sense, our enterprise bankruptcy law is also one that will promote self-decision powers for state-owned enterprises, give them better vitality, and facilitate reform of the economy.

Peng Zhen said: We still lack experience in handling bankruptcy. Many comrades have said: We are not yet equipped with the conditions for formulating this law, although the need is widely recognized. This leads to another problem: Without experience, laws cannot be formulated. Without formulating a law, there is no way to handle bankruptcy. These were the difficult tasks faced by our Standing Committee in the last two meetings. In my opinion, all we can do is to forge ahead, fully aware of the difficulties involved, and study ways to solve this problem. Solutions can be found in the problems themselves.

He said: What can we do when we lack experience? We should first conduct experiments. Tests should be conducted in handling major current problems. This is a time-honored approach, which has proved to be highly effective. It makes a great difference whether we try things out or not, whether we have a tentative or draft law before conducting experiments. As a result of consultations, we agreed to regard the enterprise bankruptcy law as a tentative one. It will be tested out after adoption, and will be implemented after the State-Owned Industrial Enterprise Law is formulated. Through trial implementation, experiences will be studied and revisions made. The State Council will decide on specific plans and measures for trial implementation in selected units.

Two Ministries Combined

OW021108 Beijing XINHUA in English 1034 GMT 2 Dec 86

[Text] Beijing, December 2 (XINHUA) -- China's highest legislature decided to establish a new state commission and a ministry here today.

A State Machine-Building Industry Commission will replace the existing Ministries of Machine-Building and Ordnance Industries.

China's National People's Congress Standing Committee said in a decision made at its 18th session that the establishment of the new commission is aimed at strengthening the unified management of national machine-building and weaponry enterprises.

Zou Jiahua, 60, the former minister of ordnance industry was appointed minister in charge of the commission. He studied at an industry university in Moscow, the Soviet Union, between 1948 and 1955. Since he returned home, he has been engaged in machinery manufacturing and national defense industrial departments.

The NPC Standing Committee also decided to set up a Ministry of Supervision which will reinstate the system of state administrative checks. The minister has not yet been appointed at this session.

Consular Treaties Ratified

OW021120 Beijing XINHUA in English 1050 GMT 2 Dec 86

[Text] Beijing, December 2 (XINHUA) -- China's highest legislature agreed here today that China will participate in the International Convention on Recognition and Enforcement of Foreign Arbitral Awards.

The decision also stated that China will apply the convention only when it is dealing with arbitrations made within the territory of a country that has ratified the convention and will apply it only in disputes which, according to Chinese laws, concern contractual and non-contractual commercial affairs.

The decision was made by China's National People's Congress Standing Committee at its 18th session.

The session today also ratified three consular treaties with Italy, Mongolia and the Soviet Union.

Bankruptcy Law Adopted

OW021110 Beijing XINHUA in English 1054 GMT 2 Dec 86

[Text] Beijing, December 2 (XINHUA) -- China's Supreme legislature, the National People's Congress Standing Committee, adopted a trial Enterprise Bankruptcy Law at its 18th session here today.

The tentative law will be implemented three months after the establishment of a publicly-owned industrial enterprises law, which is still being deliberated.

The bankruptcy law will allow, for the first time, unproductive enterprises to go out of business. It is said to be necessary to help speed the development of the planned socialist commodity economy and the economic restructuring. It will also promote autonomous operation of publicly-owned enterprises, strengthen the economic responsibility system and democratic management and improve their operation and economic efficiency, and to protect the legitimate rights and interests of creditors and debtors.

The 17-day-long NPC Standing Committee session, which ended here today, also adopted a Postal Service Law and a Border Quarantine Law.

The Postal Service Law is aimed at ensuring citizens right to privacy. It will go into effect in January 1, 1987.

The Border Quarantine Law will go into effect May 1, 1987.

In addition, the session adopted decisions on revising the law governing elections of the National People's Congress and local people's congresses and the organic law governing people's congresses and governments at various local levels.

The drafts of a Publicly-Owned Industrial Enterprises Law and a Customs Law will be further revised in due courses before being submitting to the NPC Standing Committee for reconsideration.

ROUND-UP OF OPINIONS ON BANKRUPTCY LAW

HK281307 Beijing GONGREN RIBAO in Chinese 15 Nov 86 p 3

[Article by the editor: "A Vivid Manifestation of Initiative in Discussing and Participating in Politics -- A Round-Up of Manuscripts Contributed to the Discussion on the Bankruptcy Law" -- capitalized passages published in boldface]

[Text] The discussion on the formulation of the state Enterprise Bankruptcy Law started by this newspaper on 27 September has today reached the end of a stage. This experiment of a discussion on legislation has been warmly hailed by the readers. It has aroused keen response in legal circles and especially among workers. Readers have praised the open discussion of the Enterprise Bankruptcy Law in the press as an unusual reform. Of the manuscripts received, except for a small number from legal circles, most have come from factory directors (managers), cadres in charge of operation and management affairs, and workers. Though differing in their viewpoints many have put forth well-considered and justified arguments. By freely airing their own views, everyone has shown a full sense of responsibility as master of the house, discussing and participating in politics. Now, readers are provided with a round-up of the contributions received.

1. THE BANKRUPTCY LAW IS A PRODUCT OF THE DEVELOPMENT OF COMMODITY PRODUCTION. GIVEN THE EXISTENCE OF COMMODITY ECONOMY IN OUR COUNTRY, THERE IS A NEED FOR A BANKRUPTCY LAW. On this important problem, the views put forth by the contributions received are fundamentally unanimous. It is considered that our socialist economy is a planned commodity economy. Commodity production will naturally bring in its wake competition among various producers and operators. Given competition, good performers win and the bad ones lose. Due to poor management and bad methods of operations, a small number of enterprises have long been in the red. They have lost the ability to compete with others and are insolvent or on the verge of bankruptcy. This is a natural result of commodity economy in operation. Therefore, our country needs to have a bankruptcy law. In their contributions to the discussion, some individual comrades consider that ours being a socialist country, given the introduction of a bankruptcy law, the superiority of socialism cannot be given full expression. The comrades with this idea believe that they can increase their understanding through the current discussion.

2. ON THE PROBLEM OF "WHETHER THE INTRODUCTION OF A STATE ENTERPRISE BANKRUPTCY LAW MEANS LETTING THE STATE ACCEPT THE LOSS IN A BANKRUPTCY," THERE EXIST MANY DIFFERENT VIEWS. THERE ARE TWO MAIN SCHOOLS OF THOUGHT. ONE IS THAT BANKRUPTCY WOULD NOT BE A STATE LOSS. THE OTHER IS THAT BANKRUPTCY WOULD BE A STATE LOSS. Those comrades advocating the viewpoint that "bankruptcy would not be a state loss" believe that given poor management and an inability to make proper use of state resources, a failed enterprise, after being legally declared bankrupt, can transfer those resources, according to law, to creditors good at management. The fulfillment of its obligations by a failed enterprise with state resources only shows that this enterprise has forfeited the right to possess and use this part of state resources, while state ownership of this part of state resources is not lost. Those people holding this view also think that the state Enterprise Bankruptcy Law would not cause the state a loss in the case of a bankruptcy but would give state property protection, saving the state from still greater losses that would otherwise be caused by a failed enterprise's poor management.

Those holding the view that "the introduction of the state Enterprise Bankruptcy Law would mean letting the state accept the loss in a bankruptcy" consider that given the existing ownership structure, the economy of ownership by the whole people is the mainstay of the socialist economy and the state is the only shareholder and owner of enterprises owned by the whole people. [paragraph continues]

The introduction of the bankruptcy law for state enterprises would inevitably result in the socialist state suffering a loss in the case of a bankruptcy. The proper separation of state enterprise ownership and the right of operation only means the relative independence of enterprise production and would not in the least change the nature of state enterprise resources belonging to the state. With the state enterprise not owning its assets, there is no question of bankruptcy.

Apart from the above two opposing views, there are also different views aired by the contributions. 1) Any bankruptcy called for is a loss to society. Those comrades holding this view call state property social property, the reason being that it belongs to not only the state but also laborers. A certain state enterprise collapses into bankruptcy with liabilities exceeding assets. What is sold to meet its obligations is definitely social property, which is owned partially by the state and partially by laborers. 2) A bankruptcy means a partial state loss. Those comrades putting forth this viewpoint take into consideration the question of the outflow of money from a failed enterprise. They think that if the money goes to the state treasury or other state enterprises, then there is no question of the state suffering a loss in a bankruptcy. If it falls into the hands of a collective unit or an individual operator, then it is a state loss in property. From this angle, a bankruptcy is a state loss of property. 3) A bankruptcy means the loss or transference of the right to use enterprise means of production. Those comrades holding this view consider that a state enterprise just represents the use of a certain part of the means of production. That being so, a bankruptcy involving a particular state enterprise means only the loss of the right to use the means of production, or its transference. In this sense, it is more correct to describe the state Enterprise Bankruptcy Law rather, as the state Enterprise Management Law.

3. ON THE PROBLEM OF "WHETHER WORKERS' RIGHT TO WORK SUFFERS IN AN ENTERPRISE BANKRUPTCY," MOST OF THE CONTRIBUTORS CONTEND THAT THERE IS NO LOSS OF WORKERS' RIGHT TO WORK. Those comrades holding this view stress that "the right to work" and the "work opportunity" represent two different concepts. They believe that what workers lose in a failed enterprise is a particular opportunity to work in a given period of time and is no encroachment on the equal right to work. The Constitution says that the right to work is a citizen's fundamental right. This fundamental right will not be lost except in the case of a citizen's death. As to those waiting for work because of an enterprise bankruptcy, this only means that an existing job of a mental or manual worker no longer exists, or the loss of a given condition for the realization of the right to work. Once this condition is available, this right can be realized. Some comrades think that letting an enterprise go bankrupt helps people more in realizing the right to work. The reason is that the right to work is not just confined to a particular enterprise without any change ever occurring before it can be realized. The rational mobility of labor is an objective demand of social mass production. A worker as such not only wants no encroachment on the right to work but also craves to see the effectiveness of his own work.

A small number of people hold the view: GIVEN AN ENTERPRISE BANKRUPTCY, THE WORKERS' RIGHT TO WORK IS NOT LOST FOREVER, BUT, FOR VARIOUS REASONS, A NUMBER OF WORKERS WILL REMAIN UNEMPLOYED FOR A PERIOD OF TIME. The threat to skilled and capable workers in the prime of life is not great. But workers not so well equipped suffer a relatively big threat. The latter will remain jobless for a period of time, being unable to find new employment.

4. ON THE PROBLEM OF "WHETHER THE STATE ASSUMES UNLIMITED RESPONSIBILITY FOR A STATE ENTERPRISE BANKRUPTCY," ONE VIEW IS THAT THE STATE SHOULD NOT SHOULD UNLIMITED RESPONSIBILITY. The reason is that a general rule of our civil law says that an enterprise, as a legal person, assumes civil responsibility for the property left in its care by the state. [paragraph continues]

This determines that the enterprise/legal person assumes civil responsibility in a limited way. This rule draws a clear line of distinction between the state and an enterprise where property responsibility is concerned. There is no need for the state to assume unlimited responsibility for an enterprise.

Another view is that WHEN THE STATE OPERATES DIRECTLY AS THE ONLY SHAREHOLDER IN A STATE COMPANY, ITS ASSUMPTION OF ONLY LIMITED RESPONSIBILITY GOES AGAINST LEGAL THEORY.

5. "THE STICK SHOULD BE USED ON THE RIGHT TARGET." ON THIS POINT, RELATIVELY MUCH IS VOICED IN THE CONTRIBUTIONS RECEIVED. Some comrades raised the questions: Who assumes responsibility for the good or bad performance of an enterprise? Who should suffer the consequences when an enterprise is on the brink of bankruptcy? It is held that in our country, the government is still the mainstay of economic behavior. Administrative means continue to play a part in the economic area. The factory director or manager is actually still not a real entrepreneur and is instead a representative sent down from the upper-level organ in charge. An enterprise has still not become a real legal person. It is believed that a factory director's decisionmaking power is an indication of an enterprise's external freedom, while workers' democratic management is a mark of internal freedom. These two kinds of freedom are at present limited to different enterprises. Therefore, some comrades consider that if the "stick" is used on the body of the "daughter-in-law" who has no real decisionmaking power, it means not hitting the target. If issuing orders and commands can be an excuse for immunity from responsibility for bankruptcy, while the workers of a failed enterprise suffer the consequences, then it is really unfair.

6. "THE IMPORTANT THING IS TO BUILD A NEW OWNERSHIP STRUCTURE." "THERE MUST BE A NEW THEORETICAL BREAKTHROUGH." This acute question was raised in the discussion by some people in theoretical circles and enterprise workers. They consider that our country's existing ownership structure does not help the implementation of the bankruptcy law. In line with the demands of commodity economy, we must transfer ownership of existing enterprises owned by the whole people, so that the means of production can be wholly or partly linked directly with workers to encourage enterprises to assume the risks of operation and relevant responsibility. We must switch over from the existing unitary pattern of public ownership, with ownership by the whole people as its mainstay, to a new pattern of ownership in various forms -- ownership by the whole people, ownership by shareholders, enterprise ownership, collective ownership, and so forth -- with public ownership as its mainstay. These comrades consider that as far as the development of commodity economy is concerned, the most ideal form of ownership is ownership by shareholders. In this way, the state, the enterprise, and the workers can share ownership as the main body of owners. Through a controlling interest, the state can guide the direction of operation according to company regulations, the way the board of directors is controlled, to realize a given state plan. It can also legally prevent the shares owned by the state from being involved in a bankruptcy. The state can reduce or adjust its shareholding in an enterprise depending on the state of its operations. Those comrades holding this view consider that the above pattern provides a theoretical basis for the formulation and implementation of a bankruptcy law and conditions for its implementation.

Concerning the need to publicize the legal system, readers have also put forward many good suggestions. We will seriously consider these suggestions and strive to carry them out to give further play to the masses of workers' enthusiasm in discussing and participating in politics.

JINGJI RIBAO ON NECESSITY OF BANKRUPTCY LAW

HK261003 Beijing JINGJI RIBAO in Chinese 11 Nov 86 p 3

[Article by Gu Ming (7357 2494): "Why It Is Necessary for a Socialist Country To Formulate a Bankruptcy Law" -- capitalized passages published in boldface"]

[Excerpts] The draft bankruptcy law was seriously and enthusiastically discussed at the 17th meeting of the 6th NPC Standing Committee. At the meeting, various members of the Standing Committee expressed their opinions from several viewpoints. This gives us an idea of how democratically and seriously the country's highest organ of state power makes decisions on proposed laws. All this can contribute much to the further perfection of the enterprise bankruptcy law.

It is a very important thing to study the history of the bankruptcy law, the relationship between our commodity economy and the bankruptcy law, the problem of whether the bankruptcy law should be enforced in publicly owned socialist enterprises, and the problem of how to learn from foreign countries' experience in enforcing their bankruptcy laws, to have a clear understanding of these problems, to give impetus to the ongoing reform of the country's economic structure, to improve socialist economic results, and to try to perfect the economic structure. I would like to express my opinions on these problems in this article so that they can be discussed by the public. [passage omitted]

At the socialist stage, it is still necessary to develop commodity economy. To develop commodity economy, it is first necessary to have a market system, to adhere to the law of value, and to pay close attention to such things as the relationship between demand and supply, profits, and competition. Competition means survival of the fittest. On 10 November 1958, at a conference in Zhengzhou, Chairman Mao told us not to be afraid of capitalism because there would be no capitalism. Commodity economy is a useful tool. It will dutifully serve us. Now, we are formulating a bankruptcy law in accordance with the requirements of the development of our socialist planned commodity economy. This bankruptcy law is also a means, or a tool. It will dutifully serve socialism. [passage omitted]

THE PURPOSE OF THE ENFORCEMENT OF OUR BANKRUPTCY LAW IS NOT MERELY TO SOLVE THE PROBLEMS OF CREDITORS' RIGHTS AND OF VARIOUS PARTIES' LIABILITIES. WHAT IS EVEN MORE IMPORTANT IS THAT WE WANT TO HAVE A CLEAR UNDERSTANDING OF THE SITUATION, TO DETERMINE WHERE BLAME LIES, AND TO TRANSFORM RULE BY LEADERS INTO RULE BY LAW. ALTHOUGH THE PROMULGATION OF THE BANKRUPTCY LAW MAY PRODUCE GREAT SHOCKS AND PRESSURE THESE SHOCKS AND THE PRESSURE CAN, HOWEVER, BE TRANSFORMED INTO A DRIVING FORCE.

One way to deal with bankrupt enterprises is to order them to shut down, suspend operation, amalgamate with others, or switch to the manufacture of other products, or to let the state take them over, that is, to try to solve the problem of "eating from the same big pot" by eating from the same big pot. Another way is to enforce the bankruptcy law and wind them up. If an enterprise goes bankrupt, there is the question of whether government takeover is preferable to the enforcement of the bankruptcy law or vice versa. I think that it is better to enforce the bankruptcy law, to wind it up, and to order it to declare itself bankrupt because, by doing this, we can educate the masses and cadres and make them realize that there are well-defined duties incumbent on each person and each post, that plant directors and higher authorities all have their responsibilities, that people who are legally responsible for anything wrong should be handled by law, and that all people are equal before the law. [paragraph continues]

This can transform rule by leaders into rule by law and is in keeping with the overall direction of the reforms. China is a socialist country with an economy characterized by public ownership. This economy is fundamentally different from a capitalist economy, which is characterized by private ownership. The purpose of the enforcement of our bankruptcy law is not merely to solve the problems of creditors' rights and of various parties' liabilities. What is even more important is that we want to have a clear understanding of the situation, to determine where blame lies, to sum up experience, to improve our work, to reduce losses, and to uphold the country's interests. All this is a fundamental characteristic of a socialist bankruptcy law.

While the draft bankruptcy law was being discussed, those who participated in the discussion suggested that the promulgation of the bankruptcy law would produce great shocks. Actually, shocks and pressure can be transformed into a driving force. The purpose of the formulation of the bankruptcy law is to consolidate and help enterprises on the verge of bankruptcy and to prevent bankruptcy, and the purpose of warning them is to spur them on, to help them reorganize their work and make renewed efforts, to prevent bankruptcy, and to try to reduce the number of bankruptcy cases. This is beneficial to both the country and the people. There are also people who are worried that although the bankruptcy law can help us improve management and promote production, the impact on society will be too great if particularly important enterprises and enterprises whose services are crucially important to the people's livelihood go bankrupt. Regarding this, we can incorporate special provisions in the bankruptcy law. This means that in the event that any important service enterprise which is of crucial importance to the national economy and the people's livelihood goes bankrupt, the state will make overall arrangements and try to solve the problem. However, if the problem is a policy problem concerning subsidies, a specified amount of subsidies will be provided. This is favorable for the country's stability and unity and can ensure that no great shocks will be generated. Apart from Chinese enterprises, there are also foreign enterprises, joint ventures, and cooperative enterprises in the country. In dealing with foreign investors, we must respect contracts, laws, international agreements, and the international practices we subscribe to. If they should indeed go bankrupt, we must not force them to consolidate themselves. Concerning these enterprises, there will be separate provisions.

In conclusion, it is a bad method if the state is required to take over bankrupt enterprises without bothering about who is directly responsible and whose leadership has caused the trouble. Very often, leading cadres can still remain at their posts and workers can continue to receive premiums even if their enterprises have lost all their money and property. This means that we have not made a distinction between right and wrong and that it makes no difference whether one does one's work satisfactorily or not, whether one does or does not do one's work, or whether one does much or little work. In this way, those who do their work poorly, who do no work, or who do little work can take advantage of those who work hard and who do their work satisfactorily. Moreover, the poor can lead a parasitic existence by relying on the rich. All this can only encourage lazy people and bureaucracy, which is not in keeping with the principle of distribution according to work. In addition, this is also unfair and unreasonable.

Of course, in a socialist country like ours, we should be responsible for the laid off workers when their enterprises have gone bankrupt. Where conditions permit, they should be offered new jobs. Those who have reached retirement age should retire. Those who do not have jobs temporarily will be entitled to unemployment benefits. The social security system will be implemented among those who are incapacitated or who have lost their ability to work. To sum up, we should make the most of the advantages of the socialist system so that each worker has a role to play. [passage omitted]

THE SITUATION OF REFORM AND ECONOMIC DEVELOPMENT INDICATES THAT THE TIME TO IMPLEMENT A BANKRUPTCY LAW IS RIPE AND THAT IT WILL NOT LEAD TO SOCIAL TURBULENCE.

In my opinion, it is not dangerous at all to implement the bankruptcy law. First, we have scored tremendous achievements in fulfilling the Sixth 5-Year Plan after undergoing the 8 years' reform. Second, our agriculture and heavy and light industry, accumulation and consumption, and production and standard of living have either increased or improved remarkably. The current situation, characterized by political unity and social stability, is excellent. According to a survey made by the Shanghai Municipal CPC Committee, only 22 enterprises incurred deficits in 1985, accounting for 3 per 1,000 of Shanghai's 8,000 industrial enterprises, the number of those on the verge of bankruptcy was fewer, and the number of people waiting for jobs was 12,000. According to a survey of 3,700 collectively owned industrial enterprises conducted by Shenyang in 1985, only 11 incurred serious deficits and only 3 had to be dealt with. Of these 3, only 1 had to go bankrupt and some 20 workers had difficulties in finding new jobs. Naturally, the circumstances of each province, municipality, or autonomous region may be different from those of others. The number of enterprises in the country making losses has increased in the first half of this year and the level of deficits has also outstripped that of 1985. This consequence is due to various reasons. With the effective measures adopted by the State Council, the situation has changed. There is now a movement in the use of funds and production has increased. Viewed from the general trend, the reform of the economic structure, focused on urban areas, is developing in depth, the decisionmaking power and vitality of enterprises are being enhanced, a market system is taking shape, the price system is being readjusted, and economic legislation is undergoing perfection. Viewed nationwide, there are surpluses in agriculture, industry is advancing amid reform, the question of unemployment is basically solved, and the overall situation is good. Therefore, the time to implement the bankruptcy law is ripe. Moreover, it will not lead to social turbulence.

HU YAOBANG MEETS HONG KONG BUSINESSMAN 28 NOV

OW291258 Beijing XINHUA in English 1057 GMT 29 Nov 86

[Text] Beijing, November 28 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, said here today that he hoped that the Hong Kong compatriots would combine patriotism with the concern for their own well-being.

"Our general objective is to make the whole Chinese nation strong and prosperous," he told Deacon T.K. Chiu, chairman of the Far East Group of Hong Kong, here today in Zhongnanhai.

Hu also discussed with Chiu cooperation between Chinese and Hong Kong TV stations.

Xu Jiataun, director of the Hong Kong branch of the XINHUA News Agency, was also present.

SHANGHAI SELLS TRANSFERRABLE BONDS 1 DEC

OW012045 Beijing XINHUA in English 1514 GMT 1 Dec 86

[Text] Shanghai, December 1 (XINHUA) -- The Shanghai branch of the Industry and Commerce Bank of China began selling transferrable bonds worth of 100 million yuan (27 million U.S. dollars) to individuals today. This is the first time in China that this type of bonds are issued, bank officials told XINHUA, adding that the bonds can be transferred, resold or used as mortgages in security markets.

Thousands of people lined in front of the city's 89 bank offices to buy the bonds, which have an annual interest rate of nine percent: higher than that of time deposits. And 22.78 million yuan (6.1 million U.S. dollars) in bonds were sold the first morning the bank officials said.

Money raised from the bond sales will go in the form of loans towards state enterprises in need of operational funds, and to collectively-owned projects being constructed which are liable to yield good returns.

WANG FANG ADDRESSES ZHEJIANG SCIENCE CONGRESS

OW280401 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 26 Nov 86

[Excerpts] The fourth Congress of the Zhejiang Provincial Association for Science and Technology opened in Hangzhou today. [passage omitted] Wang Fang, secretary of the provincial party committee, addressed the congress. Wang Jiwu, chairman of the provincial Association for Science and Technology, delivered a work report.

Comrade Wang Fang said: Being an organization representing many different branches of learning and having a lofty status, the Association for Science and Technology will play a special role in helping leaders make policy decisions in a democratic and scientific manner. Comrade Wang Fang stressed that, in principle, before any future decision is reached about all matters concerning the formulation of a major macroscopic economic policy or a major economic development strategy or plan, readjustment of economic policy, finalization of key construction projects or adoption or importation of major technology for renovation, the Association for Science and Technology and other scientific and technological departments concerned should be asked to conduct a study or offer consultations concerning its feasibility. [passage on Wang Jiwu's work report omitted]

WANG FANG AT HANGZHOU SWIMMING CEREMONY

OW261037 Beijing XINHUA Domestic Service in Chinese 1154 GMT 25 Nov 86

[Excerpts] Hangzhou, 25 Nov (XINHUA) -- A foundation-laying ceremony was held here this morning for the "Yugang swimming area" project to be constructed with funds donated by Mr Bao Yugang [Yue-kong Pao], chairman of the board of directors of the Hong Kong Worldwide Shipping Group. [passage omitted] Addressing an ensuing cocktail party, Wang Fang, secretary of the Zhejiang provincial party committee, said: "Mr Bao Yugang's lofty moral character manifested in his love for the motherland and native place will encourage the Zhejiang people to strive ceaselessly for the prosperity of this province." [passage omitted]

GUANGDONG SHOWS STEADY ECONOMIC PROGRESS

HK010818 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 29 Nov 86

[Text] While reporting to the 23d meeting of the 6th provincial People's Congress Standing Committee yesterday afternoon, (Yuan Naixuan), deputy director of the Structural Reform Office of the provincial government, said: This year, urban economic structural reform in our province has been consolidated and developed, a new breakthrough made in its lateral economic ties, and a new system of socialist macroeconomic management gradually appraised in the course of exploration.

(Yuan Naixuan) said: This year, our province has vigorously carried out pilot projects on some new reform measures. For example, in the aspect of strengthening the vitality of enterprises, through organizing a large-scale inspection, our province has adopted methods, such as carrying out inspection and implementation and helping enterprises get rid of their worries and resolve their difficulties at the same time, so as to further impel the exercising of enterprises' decisionmaking power. On the basis of implementing the system of factory director or manager assuming full responsibility, our province has also implemented the system of factory director or manager assuming full responsibility for fulfilling his target during his tenure of office. In the aspect of reform of the labor system, our province has universally implemented the system of labor contract. In the aspect of lateral economic ties, a new breakthrough and development has been made in the scale, scope, and form. Our province has also made new progress in further developing and perfecting the market system, exploring and establishing a new system of socialist macroeconomic management, and so on.

Impelled by reform and opening up, the steady development of the national economy of our whole province has been maintained this year.

HUBEI PARTY COMMITTEE HOLDS PLENARY MEETING

HK290609 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 28 Nov 86

[Excerpts] The Sixth Enlarged Plenary Session of the Fourth Hubei Provincial CPC Committee was held in Wuchang from 17 to 28 November. During the session, State Council Premier Zhao Ziyang and Vice Premier Li Peng met all the participants and were photographed with them as a memento.

The meeting stressed that it is necessary to follow the demands of the overall arrangements, grasp the two civilizations together, further emancipate our minds and movements, carry out reforms, blaze new trails, advance as far as we can, and work hard to climb a step higher.

Provincial party committee Secretary Guan Guangfu and Deputy Secretaries Guo Zhenqian, Zhao Fulin, Wang Qun, and Qian Yunlu presided at the session. Guan Guangfu delivered a summation speech on studying and implementing the resolution of the Sixth Plenary Session, on the situation, tasks, and measures after achieving the first doubling, and on strengthening the building of the party. Guo Zhenqian spoke on the current economic situation and next year's economic work. Zhao Fulin and Qian Yunlu respectively conveyed the spirit of the eighth meeting of the Central Discipline Inspection Commission and the spirit of the central rural work conference, and gave initial views on implementing them. The session was attended by 530 persons. [passage omitted]

The meeting held that, since the 3d Plenary Session of the 11th CPC Central Committee, Hubei has gradually enhanced its understanding of building spiritual civilization and gradually strengthened work in this respect. A number of advanced units and individuals have emerged, and some experiences have been accumulated. However, the question of how to step up the building of spiritual civilization in the new historical period is, after all, a new topic. The session therefore pointed out: In studying and implementing the resolution of the Sixth Plenary Session, it is essential to make great efforts in the following aspects:

1. Thoroughly implement the spirit of the resolution, and grasp its basic viewpoints, spiritual essence, and main demands.
2. It is essential to attach importance to renovation of concepts.
3. It is necessary to seriously formulate plans based on reality in accordance with the resolution's demands.
4. Carry out work in a sound and practical way.

It is estimated that this year the province will achieve its first doubling of total industrial and agricultural output value. There has also been a certain degree of improvement in economic results. This is the result of the cadres, party members, masses, and PLA throughout the province seriously implementing the central principles and policies, persevering in reform in light of the province's actual conditions, working hard, and clearing the way to forge ahead.

What is to be done after the first doubling is achieved? The meeting pointed out that the main measures to be taken are: 1) Proceeding from the new situation of the eastward shift of the focus of national construction, correspondingly readjust the path for the province's industrial development. 2) Continue to strengthen the agricultural foundation, improve the production conditions, and strive to climb a step higher in agriculture. 3) Vigorously open up domestic markets and speed up the development of foreign economic relations and trade. 4) Resolutely rely on science and technology, and work hard to train talented people. 5) Unswervingly continue to do a good job in reforms.

The meeting pointed out: The primary tasks in rural work next year are to continue to carry out reforms, get a thoroughly good grasp of grain production, continue to rationally readjust the rural production structure, continue to step up the economic development of poor areas, and maintain continual growth in the peasants' income.

In industrial work next year, we must focus on invigorating the enterprises, improve the quality of the enterprises, improve their external conditions, and promote sustained and steady growth in industrial production. We must continue to control the size of investment in fixed assets and ensure the key construction projects. We must improve the work of earning foreign exchange from exports and of importation, be still more bold in using foreign investment, and speed up the progress of economic construction.

We must further clear the circulation channels and invigorate circulation, so as to stimulate the development of production. We must strengthen price supervision and control and maintain basic price stability in the markets. We must vigorously develop new sources of finance, strictly control expenditure, and strive for a balanced budget. We must speed up the process of fiscal reforms, further enliven capital, and stimulate the development of commodity economy.

The meeting stressed that to do a good job in next year's work and lay a good foundation for the work of the next few years, the key lies in continuing to improve and strengthen party leadership over all work. In view of the current actual conditions in Hubei, we should concentrate on the following tasks in strengthening party building:

1. Strengthen the building of the leadership groups at and above county level. Stepping up the building of ideology and work style is the regular and main task in this respect. The focus must be on strengthening the leading members' party spirit and on straightening out party style.

2. Strengthen the building of the grass-roots party organizations. At present, in strengthening the building of the party's grass-roots organizations, the main effort should be focused on doing a good job in village-level party rectification. Through grass-roots party rectification, we should build the grass-roots party organizations into strong cores leading the peasant masses to develop commodity economy and get rich through hard work. We must persevere in conducting education by positive example, attach importance to ideological building, and guide the rural party members to renovate their concepts.

3. Strive to turn policy-making by the leadership into a democratic and scientific affair. In recent years, the party committees at all levels in the province have done some useful exploration in this respect. However, this is only a start. Judging by past experience, the party and government leaders at all levels especially need to turn their policy-making on the following major issues into a democratic and scientific affair: 1) on questions of principles and policies; 2) on major measures in reform; 3) on formulating national economic plans; 4) on deciding on major construction projects; 5) on the transfer and allocation of cadres.

The leaders at all levels must carry out active exploration in these respects and gradually accumulate experience, so as finally to switch from individual and [word indistinct] policy-making to scientific policy-making. Such a switch will be beneficial for overcoming bureaucratism, improving work efficiency, and bringing into full play the enthusiasm and creativity of the cadres and masses.

SHENZHEN LIFTS RESTRICTIONS ON FOREIGN EXCHANGE

HK270823 Hong Kong WEN WEI PO in Chinese 26 Nov 86 p 3

["Special Dispatch" from Shenzhen: "Shenzhen Removes All Restrictions on Foreign Exchange Prices, Expands Scope of Transactions"]

[Text] The Shenzhen Special Economic Zone has decided to take further measures to lift restrictions on the foreign exchange market. As a result, enterprises within the zone may engage in foreign exchange transactions through the Shenzhen Foreign Exchange Adjustment Center. The price of transactions may be determined by the buying and selling parties, while the center will charge a commission of 2 to 3 per 1,000. Customers of the center include all Chinese and foreign enterprises and institutions. While self-employed workers and inhabitants may sell foreign exchange at the center, they are not allowed to buy.

The lifting of restrictions on foreign exchange transactions became effective in Shenzhen on 17 November. However, it is still restricted within the special zone and is expected to be extended to Baoan County in the near future. [paragraph continues]

A few days ago, the Shenzhen City government promulgated a new provisional regulation on management over foreign exchange adjustment which stipulates that the amount of foreign exchange that can be sold by enterprises or individuals includes: 1) The portion of foreign exchange that the foreign-exchange-earning units are entitled to retain according to the relevant state regulations; 2) the portion of foreign exchange retained according to regulation by units that have fulfilled their assigned quotas; 3) the portion of foreign exchange earned by enterprises and institutions that is allowed to be used in Shenzhen; 4) the retained portion of foreign exchange earned by self-employed workers and inhabitants through border trade; and 5) foreign exchange earned through other means and approved by the city foreign exchange management bureau. Foreign exchange purchased by the units should be used mainly to import materials or technology badly needed for production and for other purposes including circulation.

Since the establishment of the Shenzhen Foreign Exchange Adjustment Center in 1985, foreign exchange transactions of the enterprises within the special zone can be carried out legally at rates higher than the state exchange rate. As the restrictions on prices are not totally lifted, the adjustment center has stipulated that the transaction prices should only fluctuate under the exchange rate of \$1 to 5 yuan and not go higher. The rate is often lower than the exchange cost and far below the black market rate. Consequently, the number of those who intend to buy foreign exchange at the adjustment center outstrips the number of sellers, resulting in supply falling short of demand. It is expected that the lifting of restrictions on foreign exchange transactions will play an active role in the management of the foreign exchange market in the special zone and restrict black market transactions.

It has been reported that many enterprises do not yet know that the prices of foreign exchange transactions can be negotiated at the adjustment center. Many units visit the adjustment center to make enquiries rather than transactions.

GUANGDONG APPROVES BANKRUPTCY LAW FOR SHENZHEN

OW292022 Beijing XINHUA in English 1627 GMT 29 Nov 86

[Text] Guangzhou, November 29 (XINHUA) -- The Guangdong Provincial People's Congress Standing Committee approved the "Bankruptcy Regulation Concerning Companies Involving Foreign Investment in the Shenzhen Special Economic Zone" (draft) here today.

According to a report, the Shenzhen Special Economic Zone had 980 registered Sino-foreign joint-venture companies, cooperative enterprises, enterprises with sole foreign investment and Sino-foreign limited companies by the end of June this year.

Most of the enterprises have succeeded in obtaining economic and social benefits. Altogether, 121 enterprises were reported to be in the red last year and a few of them have actually gone bankrupt.

The property of bankrupt companies will be sold to provide employees' wages and labor insurance, state taxation and creditors.

Employees of the bankrupt enterprises will receive basic living expenses during their period of unemployment.

LIAONING OFFICIALS VISIT WRITERS MEETING

SK010600 Shenyang Liaoning Service in Mandarin 1030 GMT 28 Nov 86

[Text] This afternoon, Quan Shuren, secretary of the provincial party committee; Sun Qi, deputy secretary; and Lin Sheng, vice governor; visited representatives of writers to the second plenary session of the fourth board of directors of the Liaoning branch of the China Writers' Association in Shenyang. They talked freely with the writers on the provincial cultural and art fronts' achievements in the past year.

After listening to briefings given by comrades of the provincial Writer's Association on their efforts to basically eliminate the leftist influence in literary and art creations, and to score great achievements in unceasingly safeguarding freedom in creation, and in building the socialist spiritual civilization, Comrade Quan Shuren said excitedly: In 1981, you comrades set a goal on striving to foster China's top-grade writers and literary creations in the province in 5 to 10 years. You have achieved initial success in just 5 years. Many writers have become members of the board of directors of the China's Writers' Association and more than 10 pieces they produced have exerted influence on the whole country. In this year alone, they have published some 20 long novels. This is the result of their efforts to go deeply into the reality of life and to work hard in the course of practice. Let me extend congratulations to them. He said: The socialist practice is calling our writers. We sincerely hope that the writers throughout the province will enhance their sense of responsibility and mission, enrich their ideology, and write more good works with distinct meanings of our age.

LIAONING'S QUAN SHUREN INSPECTS MOUNTAINOUS AREA

SK280359 Shenyang Liaoning Service in Mandarin 2200 GMT 27 Nov 86

[Text] Quan Shuren, secretary of the provincial party committee, recently inspected the primary and middle schools of the five counties in the eastern mountainous area of our province. He pointed out: In the future, our province should readjust the proportion of its overall investment in construction, with the investment in education increased appropriately. Financial departments at various levels should allocate more from their surplus flexible funds to support education. Comrade Quan Shuren urged all localities to eliminate all dangerous school buildings within 1 or 2 years, and try to improve the competence of teachers as quickly as possible through correspondence courses or classes for advanced study. During the inspection tour, Comrade Quan Shuren was very pleased to see that there were so many new school buildings in the rural areas. He said that people have strategic foresight to invest in education when they have money.

LIAONING'S SECRETARY UNVEILS STUDIO NAMEBOARD

SK280513 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 27 Nov 86

[Text] On the morning of 27 November, a new nameboard bearing the characters "Liaoning Film Studio" written by Hu Yaobang, general secretary of the CPC Central Committee, was hung on the door of the studio. Quan Shuren, secretary of the provincial party committee, unveiled the new nameboard. Present on the occasion were Lin Sheng, provincial vice governor; Ji Zhong, chairman of the provincial Scientific and Technological Committee; Lin Yan, deputy director of the Propaganda Department of the provincial party committee; [name indistinct], director of the provincial Radio and Television Department; and representatives from the provincial Film Artists' Association.

GANSU SECRETARY STRESSES IMPLEMENTING RESOLUTION

HK300117 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 29 Nov 86

[Excerpts] An enlarged plenary meeting of the provincial party committee's Standing Committee, which concluded today, stressed that while repeatedly studying in depth the CPC Central Committee's resolution on the guiding principles for building socialist spiritual civilization, all parts of the province should implement it in work in a creative fashion in light of the actual local characteristics.

Since the 6th Plenary Session of the 12th CPC Central Committee, the principal leaders of the provincial party committee and the members of its Standing Committee have gone to a number of prefectures and counties to investigate and study the situation in building spiritual civilization. They have got hold of a great deal of first-hand material.

During this 5-day meeting, the participating comrades conducted specific studies on initial plans for implementing the resolution; on how to integrate the common ideal with the near-term goals of endeavor and speed up the pace of extricating the people from poverty and making them rich; how to effectively renovate concepts; and how to improve the province's education, science and technology, and culture work, strengthen democracy and the legal system, step up the ideological building of the party organizations and members, and do a good job in building spiritual civilization in the rural areas. [passage omitted]

Provincial party committee Secretary Li Ziqi spoke at the conclusion of the meeting. He said: At present the province must continue to give first place to study of the resolution. We must shift from general study and discussion to solving problems in connection with reality. We must actively probe and open up a new situation in building spiritual civilization. As with the discussion on the criterion of truth, it is necessary to conduct study and discussion on the renovation of concepts. In particular, the leading cadres at all levels must renovate their concepts first and ensure that they meet the demands of the new era as quickly as possible.

He said: Between New Year's day and the spring festival, the whole province must launch a drive to spend festivals in a civilized way. In the rural areas, we must organize the peasants to change habits and customs. In the urban areas, we must focus on education in professional ethics and on ensuring good public order.

Li Ziqi stressed in conclusion: The province must continue to get a good grasp of rural party rectification and all other work before the end of this year, and ensure the fulfillment of all economic targets.

HEILONGJIANG SECRETARY'S ARTICLE ON RESOLUTION

SK010739 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 30 Nov 86

[Text] Issue No 12, 1986 of FENDOU ZAZHI (STRUGGLE JOURNAL), which will be published tomorrow, carries an article by Sun Weiben, secretary of the provincial party committee, on his experiences in studying the CPC Central Committee's resolution on guiding principles for building socialist spiritual civilization, entitled "Conscientiously Study and Understand the Basic Guidelines of the Resolution."

The article states: The resolution is a programmatic document to strengthen our country's socialist spiritual civilization during the new historical period. The resolution theoretically sets forth many new ideas and viewpoints, and furnishes a theoretical answer to a series of major questions which we will meet over the course of spiritual civilization during the new historical conditions.

The article holds: To study well the documents, we should deeply understand the strategic position and the basic principles of socialist spiritual civilization, clearly define the basic tasks of socialist spiritual civilization and some problems of basic principles, persist in and develop Marxism, implement the essence of the policy of letting a hundred flowers blossom and a hundred schools of thought contend, and clearly understand that building socialist spiritual civilization is the sacred duty of party organizations and party members.

The article stresses: To deeply understand the spiritual essence of the resolution, first, we should abandon the ossified concepts of socialism, focus on building socialism with Chinese characteristics, and persist in the correct orientation set forth since the 3d Plenary Session of the 11th CPC Central Committee. Next, we should repeatedly think of historical lessons, respect the objective practices, and eliminate the influence of idealism. Then we should not only eliminate leftist influence, but also pay attention to resisting the decadent influence of capitalism and feudalism and to opposing bourgeois liberalization.

The article finally reaffirms: Only when we consciously eliminate the influence of all wrong ideas and analyze the problems persistently in line with the scientific world outlook and methodology can we profoundly understand the spiritual essence of the resolution and correctly guide the building of socialist spiritual civilization.

NINGXIA RIBAO ON PROVINCIAL INDUSTRIAL OUTPUT

HK280924 Yinchuan NINGXIA RIBAO in Chinese 18 Nov 86 p 1

[Report: "Workers Throughout the Region Make Great and Concerted Efforts To Fulfill This Year's Industrial Production Targets"]

[Excerpt] This year's industrial production is entering the stage of "a final sprint." An arduous task for all enterprises and workers in our region is to make full use of the last month to fulfill or overfulfill this year's industrial production targets. At present, many leading comrades of the industrial departments have gone to the grass-roots units to inspect production; and the enterprises are mobilizing their workers to make greater efforts to increase production. By the end of October, the region's total industrial output value had increased by 9.7 percent over the same period of last year, and economic results have also improved.

This year, the industrial and transport enterprises of this region encountered rather serious shortages of raw materials and funds, but they continued to focus their efforts on ensuring good economic results by raising product quality and lowering production costs. This successfully guaranteed the balanced and steady development of industry. The electricity industry in particular developed fast. The production of electricity in the first 10 months totaled 2.48 billion kilowatt-hours, or 25.8 percent more than the same period last year. Electricity supply in this region has now basically met demand. The development of the electricity industry has also promoted the development of other industries which need to expand more energy, and the production of such products as aluminum, pig iron, steel products, calcium carbide, and iron alloy increased substantially over that in the the same period last year. [paragraph continues]

The production of coal, cranes, and carbon products also increased by a large margin. Such consumer goods as cotton yarn, woolen blankets, sugar, tobacco, and beer also increased by more than 30 percent. [passage omitted]

NINGXIA REPORT EMPHASIZES GRAIN PURCHASES

HK260948 Yinchuan NINGXIA RIBAO in Chinese 6 Nov 86 p 1

[Report: "We Must Continue To Firmly Grasp the Task of Purchasing Autumn Grain and Fulfill the Task in Mid-December"]

[Text] On 4 November, the regional people's government recognized Yinchuan cities and counties which did a good job in purchasing summer grain and oil this year. At the same time, the government also announced concrete plans for fulfilling the task of purchasing autumn grain in an overall manner.

This year, the work of purchasing grain and putting it into storehouses has been carried out relatively smoothly. By 30 October, the whole region had purchased and put into storehouses 235 million kilograms of grain, 72.4 percent of the gross scheduled target, of which wheat put into storehouses accounted for 93.8 percent of the scheduled target for the purchase of summer grain. Four cities and counties -- Wuzhong, Qingtongxia, Yongning, and Taole -- had fulfilled the tasks of contracted purchase and purchase through agents of summer grain in an overall manner. Longde County had overfulfilled the task of oil purchase. The regional people's government decided to award these five city and county governments silk banners and prizes.

Ma Yingliang and Yang Huiyun, vice chairmen of the region stressed at the meeting that although our region has done a relatively good job in purchasing summer grain, the task of purchasing autumn grain should not be treated lightly. Viewed from the progress of purchase at present, the amount of rice put into storehouses accounts for only 33.8 percent of the annual target for the purchase of rice and that of oil accounts for 56.9 percent of the gross target. The chief reasons why the purchase of the autumn grain has progressed slowly are: First, rural cadres at various levels fear difficulties and have slackened their efforts in the purchase of autumn grain. Second, many individuals and departments have also purchased rice and corn. According to reports, in some counties, the grass-roots supply and marketing cooperatives have purchased as much as 300,000 to 400,000 kilograms of rice and corn in the rural areas. Some flour processing plants run by towns and townships have purchased wheat from the peasants and processed it into flour to be sold to other localities. Some individuals and departments from cities and outside the region have also asked people of our region to purchase grain for them at elevated prices. Some state farms have violated what is stipulated in the existing grain policy and have sold rice at negotiated prices without selling even one catty of grain to the state. The serious outflow of rice has caused the prices of rice in the market to rise and has caused an adverse effect on the fulfillment of the state plan for grain purchase. Third, some peasants have misunderstood the guidelines in the State Council's circular on grain purchase published in newspapers. They do not deliver grain to the state but wait to sell it at profitable prices. To ensure the overall fulfillment of this year's state plan for grain purchase, various cities and counties are asked to properly do the following:

1. They should make great efforts to carry out publicity and educational work and increase their understanding of the reform of grain management. [paragraph continues]

They should educate the peasants to understand that the contracts for grain purchase are at the same time economic contracts and tasks assigned by the state. The peasants are duty-bound to ensure the fulfillment of such tasks. Although the prices for grain purchase on the contracts are relatively low, the state has given the peasants subsidies in terms of linking the supply of chemical fertilizer and diesel oil with grain, reducing the retail prices for chemical fertilizers, increasing investment in agriculture, and so on, thus reducing the peasants' burden in growing grain. They should have a correct understanding of the guidelines of the State Council's circular on further improving the contracted grain purchase system. They should make clear to the peasants that the price for each catty of autumn grain purchased for the state this year is 3 fen more than the price for selling grain to the state after fulfilling assigned tasks. If the market price is lower than this, the purchase should be made at the market at a negotiated price. The price on grain purchase contracts will not change and the tasks assigned are fixed and must be finished. The price for purchasing grain for the state this year shows the state's consideration for the peasants.

2. The governments of various cities and counties should strengthen leadership and each level should be responsible for its respective tasks until the work is completed. They should concentrate their efforts on going to rural areas to mobilize the peasants to sell their grain to the state. They should do their utmost to fulfill the task of grain purchase in an overall manner before 20 December. Cities and counties that fulfill their tasks well will be awarded by the regional people's government and those that cannot will be held responsible for the consequences.

3. They should resolutely put an end to the phenomenon of allowing various sectors to purchase grain. Various cities and counties should check with the industrial, commercial, grain, communications, supply, and marketing departments, and bureaus in charge of town and township enterprises and all individuals, collectives, and state departments that purchase grain included in state plans must sell it all back to local grain departments. At the same time, the public security, communications, industrial, and commercial departments should strengthen their inspection network on the highways and control the outflow of grain.

NINGXIA PRODUCTS SELL WELL AT TRADE FAIR

HK280815 Yinchuan NINGXIA RIBAO in Chinese 8 Nov 86 p 1

["Dispatch" from Guangzhou by NINGXIAO RIBAO Guangzhou correspondent Qian Mengnian (6929 5536 1628): "At the 60th China Export Commodity Fair, Our Region's Export Commodities Greatly Aroused the Interest of Foreign Businessmen, Who Vied With One Another To Place Orders"]

[Excerpts] The 60th China Export Commodity Fair ended on 5 November. Thanks to the energetic efforts and initiative of its business teams, Ningxia succeeded in clinching numerous business deals. The total amount of the deals exceeded the previously set quota by 76.2 percent, an increase of 43.6 percent over the figures attained in last year's Guangzhou autumn commodity fair. The transaction quotas for textiles, chemical products, local and animal products, machinery, grain, edible oil, medicine, medical apparatus and instruments, and light industrial products, were fulfilled. [passage omitted]

The present Guangzhou export commodity fair has also brought to light certain problems that exist in our region's commodities. The sales of sheepskin products look promising but foreign businessmen say the prices are a little too high. [paragraph continues]

Further efforts should be made to promote sales. The sales of linen products from our region are fairly good. If we can improve their quality, color, and variety, the sales can still be expanded. Further efforts should also be made to improve the variety, color, and quality of woolen goods, knitting wool, and other commodities.

QINGHAI RADIO ON ECONOMIC SUCCESSES, PROBLEMS

HK290818 Xining Qinghai Provincial Service in Mandarin 2330 GMT 28 Nov 86

[Station reporters' commentary]

[Text] This year, Qinghai has continued to improve and strengthen macroeconomic control. The economy has now been extricated from being out of control, which happened at one stage last year. Relatively stable movement has been recorded in economic life, on the basis of growth. Macroeconomic policymaking has yielded results, generally expressed as two major characteristics:

1. In the wake of the steady growth of the province's economy, total social supply has increased and its structure has been improved.
2. The momentum of swelling of total social demand has been initially put under control. Its growth rate is lower than last year. This is specifically shown in the following ways: Investment using the province's self-raised capital from January to September declined by over 8 percent compared with the same period last year, while non-productive investment dropped by 10.8 percent. The proportions of productive and non-productive expenditure changed from 62.8 : 37.2 last year to 74.1 : 25.9 this year. Investment in productive construction has increased, while investment in non-productive construction has dropped by 22.5 percent compared with the same period last year. As a result, the investment structure has become more rational.

The momentum of excessive growth in consumption funds has also weakened to some extent. In the first 9 months of this year, bonuses for state staff and workers in the province totalled some 40 million yuan, a drop of 37.6 percent compared with the same period last year. Indiscriminate bonus payments have been put under control. It is estimated that consumption funds this year will grow by 10 percent over last year, slightly lower than the 12.5 percent recorded last year. This control has helped to harmonize the economy and stimulate the normal development of the province's economy. However, we must realize that the contradiction represented by total social demand exceeding total supply will continue to exist for a long time to come. This is because local resources for transforming the province's poverty and backwardness and developing the exploitation of natural resources and economic construction are limited, and to a very large extent we have no alternative but to rely on large amounts of state investment. The contradiction between supply and demand caused in this way cannot be completely eliminated by macroeconomic controls. The key lies in taking effective measures to narrow the gap between supply and demand and reduce the strain on the economy.

It should be noted that, while there has been some easing of the contradiction in total amounts, due to the fact that the province's [words indistinct] economy continues to play a role, people only pay attention to growth of total amount and chase after output and output value while neglecting structural readjustment. Yet the people's daily life needs more multi-layer and diversified forms of economic development. Thus the products produced do not meet the people's needs. This objectively causes relatively great difficulties in balancing the contradiction between supply and demand, and has turned this contradiction into the biggest problem in the province's economy.

This is the situation that has now emerged: On the one hand, supplies of high-grade products, new products, and small commodities needed in the markets cannot meet demand, while commodities needed in the agricultural and pastoral areas are often out of stock; and on the other hand, poor-quality and high-priced products of the province cannot be sold elsewhere. Due to failure to pay attention to commodity information and market changes, some enterprises engage in production in a blind fashion, causing stockpiles. This is the case with motor vehicles, coal, clothing, leather, light bulbs, matches, and some building materials made in the provinces.

From January to September this year, the finished goods of state-owned enterprises covered by the budget in the province were tying up 200 million yuan in investment, an increase of 44 percent over the same period last year. As a result the turnover of capital has slowed down by 21 days compared with last year, and losses have reached 15 million yuan.

There are many objective reasons for this abnormal situation. However, the main reason is irrational production structure and product mix, together with poor management standards. We must therefore find the fundamental solution from renovations within the province's economy.

QINGHAI RADIO DISCUSSES ECONOMIC WORK IN 1987

HK010159 Xining Qinghai Provincial Service in Mandarin 2330 GMT 30 Nov 86

[Station reporters' commentary: "A Look at the Focal Points for Work Next Year in Light of This Year's Economic Situation"]

[Excerpts] The development of commodity economy has injected new vitality into the province's economy. It has also made the province's economic life more complex and brought still more severe tests and challenges. This requires that we squarely face reality, seriously analyze the situation and take appropriate policy measure to turn passive into active.

Next year will be a year in which reform advances in relatively great strides. While striving to ensure the smooth emergence of reform measures, we must make all-round arrangements for the province's economic construction. It appears that the tasks for next year should be: To continue to strive to resolve the contradiction between total social supply and demand; to improve the economic structure, especially the production structure and product mix; and to improve the adaptability and self-development capacity of the province's economy.

As far as the general balance of supply and demand next year is concerned, the biggest problem to be encountered is that the national income cannot increase much, while there will be a relatively great increase in social demand. In the sphere of production materials, due to the increased price of steel, it is expected that capital construction investment and production costs in the province will rise by 70 million yuan. Since a certain amount of investment will also be required to compensate for shortfalls in key projects of the Seventh 5-Year Plan, the difficulties of balancing next year's investment, revenue, and credits will be increased. It is therefore particularly necessary to continue to control investment and consumption, readjust the orientation of investment, and strictly control expenditure, especially administrative expenditure; we must prevent the emergence of another rise in administrative expenditure.

We must control loans in a rational way and appropriately increase investment in economic construction. We must support the enterprises in carrying out renovation of equipment and technological transformation. The focus should be on supporting the production of low-input, good-quality products that sell well in the markets. [passage omitted]

We must step up the exploitation of the province's strong-point resources and convert them into economic strong points as soon as possible. China will use a great deal of salt during the Seventh 5-Year Plan. Qinghai has rich salt resources that are easy to exploit; they need little investment and yield high profit. We should naturally step up investment in these resources and expand output.

At the same time, the province should promote the production of light and textile industry goods, especially those of good quality. We must attach importance to producing goods for the minority nationalities, pay attention to replacing old products, and develop new ones. We should preserve the traditions and expand new markets.

Viewing the province's exports from January to September, the growth in exports of light and textile goods, metal minerals, chemical products, and machinery was markedly higher than that of agricultural and sideline products. Hence, to expand its markets, Qinghai should focus its vision on the international market. It should take advantage of its strong points in animal husbandry and mineral resources to produce key products and expand exports. [passage omitted]

Qinghai should also develop all-round lateral economic ties, to ensure coordinated development of its agriculture, animal husbandry, and industry, and to gain more external support for our economic development, and thus improve the province's overall competitiveness.

QINGHAI PLA DEALS WITH SENSITIVE CADRE QUESTIONS

HK261410 Xining Qinghai Provincial Service in Mandarin 2330 GMT 25 Nov 86

[Text] In the course of straightening out party style, the Qinghai Military District CPC Committee has recently done work in a down-to-earth manner to deal with the most sensitive cadre questions and been praised well by all.

In the course of streamlining and reorganization, one of the children of two leading cadres did not want to go to the grass roots and the other one wanted to go to a university. Because of this, some people went to leaders of the Military District to intercede for them. The Qinghai Military District CPC Committee did not do them a favor. They adhered to the principle and resisted the malpractice of intercession. They also persuaded and taught the children of these two cadres to happily obey the decision of the organization.

Of the cadres of the Qinghai Military District, 64 percent are veterans of the plateau and grass roots. The Qinghai Military District CPC Committee has correctly employed these comrades. This year, it has successively promoted to leadership post some 70 veterans of the plateau who have both ability and political integrity, aroused the enthusiasm of the grass-roots cadres, strengthened their sense of honor and responsibility, and further established their idea of striking root on the plateau and making more contributions. At present, the idea of over 90 percent of the cadres is stable and their enthusiasm has been inspired.

The Qinghai Military District CPC Committee has also ensured that they are strict and impartial in meting out rewards and punishments. Not long ago, they resolutely revoked the order on the appointment of five cadres who only wanted the care of the organization but did not abide by discipline of the organization.

SHAANXI REAPS BUMPER AGRICULTURAL HARVEST IN 1986

HK260557 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 25 Nov 86

[Text] Our province has reaped a bumper agricultural harvest this year. A reporter has learned from the provincial agriculture and animal husbandry department that the province's gross agricultural output value this year has reached some 7.13 billion yuan, an increase of 4.6 percent over last year and the highest record in history. Despite natural disasters, including drought for a long period of time and insect pests, and difficulties in the short supply of chemical fertilizers and diesel oil, our province's gross output of grain is still slightly more than last year and has exceeded 9.6 billion kilograms. In particular, wheat production in three large regions, Guanzhong and southern and northern Shaanxi, has generally increased and a bumper harvest has been reaped in the paddy fields, dry land, and mountainous land. The province's gross output of summer grain was approximately 5 billion kilogram. A good harvest scarcely seen for many years. The average per-mu yield of wheat on the 9 million mu in the (Hanyuan) area of Weibei is 165 kilograms, an increase of 9.5 kilograms over last year. Gross output is 1.48 billion kilograms, which accounts for 32.2 percent of the province's gross output of wheat. It has become the second granary of our province.

This year, the whole province has also reaped a bumper harvest of industrial crops. Economic results have been markedly raised. Gross output of oil-bearing crops has exceeded 300 kilograms and of apples, 200 kilograms. The average per-mu yield of cotton is over 40 kilograms, the highest record in history. Output of hemp, tea, silkworm cocoons, watermelon, and vegetables has recorded an increase by a relatively wide margin over last year.

SHAANXI JOURNAL DEPLORES CULTURAL ATMOSPHERE

HK270315 Xian Shaanxi Provincial Service in Mandarin 0200 GMT 27 Nov 86

[Text] The newly-published issue No 4 of the Philosophy and Social Science edition of the XIBEI DAXUE XUEBAO [NORTHWEST UNIVERSITY ACADEMIC JOURNAL] carries an article by (Dong Qingcheng) entitled "A Tentative Discussion on Cultural Environment."

The article says: So-called cultural environment provides the material basis and other objective conditions for cultural development. The article says that the cultural foundation and environment in Shaanxi give people an impression of depression and ignorance. The main reasons for this are economic backwardness, conservative mentality, and the strong influences of the force of habit of small production and feudal and patriarchal concepts. At the same time, there is a lack of the spirit of seizing every minute and second and of creating something new and original.

The article points out that to change this state of affairs, it is essential to continually improve the quality of the cultural contingent; to renovate cultural concepts and step up efforts to grasp modern thinking; to improve the scientific level of management; to trust and understand spiritual producers more; and to create a lively, free, and relaxed political atmosphere and cultural environment. In this way Shaanxi's culture can develop and prosper.

FOREIGNERS UNHAPPY WITH XIAN INVESTMENT CLIMATE

HK250251 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 25 Nov 86

[Excerpts] According to the West China edition of JINGJI RIBAO, representatives of a number of foreign businessmen in Xian say that the local investment climate is not good for attracting more foreign investors. It is essential to work hard to improve things and create a happy investment climate as soon as possible.

All the foreign investors have an impression of outdated concepts and low work efficiency. These are the main factors hampering large-scale use of foreign investment. (Wang Fuzhong), the Hong Kong manager of the Xiehe Hotel, said that Xian and Shaanxi are both excellent tourist attractions, but Xian is far from doing enough to attract more foreign investors. When working in Xian, there are really too few people who are responsible in work; the phenomenon of the difficulty in saying anything or getting anything done is much more serious than in the coastal areas. When even the simplest thing needs to be done, it is always a problem to find someone and some method of doing it. [passage omitted]

The foreign businessmen all reported that there are no set standards for investment costs in Xian, and the costs are continually rising. There are also contradictions between Xian's voluminous internal regulations and the provisions of the state laws. As a result, the foreign businessmen feel that they have no law to follow. The local digestive capacity is too low, and the investors are worried that they will be unable to recover their investments.

The foreign businessmen unanimously appealed for the rapid abolition of the restrictions on enterprises run with foreign investment, to ensure that these enterprises and the state-owned enterprises can make their own operational decisions within a relatively relaxed investment climate.

The 22 regulations recently issued by the State Council represent an encouragement to foreign investors and will help to attract more of them. However, some foreign businessmen are still worried that the preferential treatment policies laid down by the central authorities cannot be properly implemented in the localities. They held: Only if Xian implements properly the preferential treatment policies can it really attract more foreign investors.

XINJIANG PARTY COMMITTEE OPENS PLENARY MEETING

HK290227 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 28 Nov 86

[Text] The Eighth Enlarged Plenary Session of the Third Xinjiang Regional CPC Committee opened in Urumqi today. The main agenda of the session is to convey and study the spirit of the 6th Plenary Session of the 12th CPC Central Committee and discuss and approve a draft decision of the regional party committee and government on implementing the CPC Central Committee's resolution on the guidelines for building socialist spiritual civilization. This draft decision has been formed after repeated discussion on the basis of giving full play to democracy and seeking a broad cross-section of views inside and outside the party.

Tomur Dawamat, deputy secretary of the regional party committee, presided at the meeting today. Secretary Song Hanliang made a speech. After conveying the spirit of the 6th Plenary Session of the 12th CPC Central Committee, he gave important views on how to step up the building of socialist spiritual civilization in Xinjiang.

DISSIDENT HSU HSIN-LIANG DENIED ENTRY TO TAIWAN

Not Allowed on Taipei-Bound Flight

BK301116 Hong Kong AFP in English 1055 GMT 30 Nov 86

[Text] Taipei, Nov 30 (AFP) — Hundreds of riot police and two dozen armored vehicles barred 5,000 supporters of exiled dissident Hsu Hsin-liang from greeting him here Sunday while in Tokyo Cathay Pacific Airways refused to let him board a flight for Taipei.

Eyewitnesses said the police action here triggered scuffles in which at least three people were reportedly arrested, one person beaten up and several policemen hurt when Mr. Hsu's supporters threw stones at them.

They added that several opposition members had suffered minor injuries when police used hoses and tear gas in a bid to disperse the crowd, which had tried to force its way past road blocks on the highway leading to Chiang Kai-shek International Airport, some 40 kilometres (24 miles) south of here.

(In Tokyo, Cathay Pacific Airways refused to allow Mr. Hsu and his supporters, who held U.S. and Japanese passports, to board one of its flights leaving for Taipei because they had no visas to enter Taiwan.

(At a news conference before leaving for the Tokyo International Airport, Mr. Hsu had said he would use every possible means to return to Taiwan if the authorities there refused him entry.

(He said there was a strong probability he would be arrested and imprisoned if he stepped off a plane in Taipei)

(Following the Cathay Pacific action an irate Mr. Hsu, who holds a refugee's passport issued by the United States but has no visa for Taiwan, said "I strongly protest the position adopted by Cathay."

(He threatened to take legal action against the Hong Kong based airline and shouted "you have no right to act for the Taiwan Government" when a Cathay official refused to let his party board the flight to Taipei.

("We will find our own way to return to Taipei," he told AGENCE FRANCE-PRESSE.

("The fact that the Taiwan Government determined the list of passengers is entirely illegal," said U.S. lawyer Leonard Weinglass who, with former U.S. Attorney General Ramsay Clark, was also refused permission to board the flight.

(A Cathay official at Tokyo airport said the order to refuse the group from boarding its aircraft had come from the airline's head office in Hong Kong.)

(In Hong Kong, a Cathay spokesman said the airline and other international airlines had standing orders not to accept people whom they believed would be refused entry at their point of disembarkation, be it for political reasons or for having insufficient entry documentation.

(He denied any political interference from Taipei but said that Cathay had been aware that Mr. Hsu intended to return to Taiwan on one of its flights and had warned its staff. The spokesman said that if a government refused entry to a passenger that person then became the responsibility of the carrier airline.)

In Taipei, several thousand opposition figures from all over Taiwan met at the campaign headquarters of Hsu Kuo-tai, Mr. Hsu's brother, Sunday morning before heading for the airport.

Most were stopped about two miles (3.2 kilometres) from the main airport terminal, but they refused to disperse even when news of Cathay's action in Tokyo arrived.

About 3,000 police wearing helmets and carrying shields were mobilized along the highway. Several hundred riot police were also deployed at the airport terminal and customs inspection areas, airport officials said.

Calm returned Sunday afternoon when 12 leaders of the fledgling opposition Democratic Progress Party (DPP) negotiated inside the airport with high-ranking officials of the Garrison Command, Taiwan's highest security authority.

Mr. Hsu, 45, has lived in exile in the United States for the past seven years. The Taiwan authorities have warned he will be arrested on subversion charges if he tries to return here, but informed sources have said it is more likely he would simply be deported.

Mr. Hsu, the self-proclaimed founder of the overseas branch of the DPP wishes to be in Taiwan for parliamentary elections Saturday. The DPP has not recognized him as a member, but welcomed his arrival in a statement Friday.

Observers here said that although Mr. Hsu's political popularity had waned since he left Taiwan, opposition factions were trying to cash in on his return, or simply the announcement of it, to boost their election chances.

Mr. Hsu, a former member of the ruling Kuomintang (KMT), was put on the authorities' wanted list on sedition charges in 1980 after he signed a declaration with other overseas radicals to "launch immediate, consistent, all-out and ruthless" attacks on the KMT.

Backers Try Entry From Hong Kong

HK011024 Hong Kong AFP in English 1012 GMT 1 Dec 86

[Text] Hong Kong, Dec 1 (AFP) -- Ten supporters of Taiwan dissident Hsu Hsin-liang who were barred from entering Taiwan on the weekend said Monday they would make another attempt by air from Hong Kong.

Steve Chung, a spokesman for the overseas branch of the Democratic Progress Party [DPP] of Taiwan, declined to tell reporters when the attempt would be made, fearing that publicity might jeopardize their chances.

"Every time we openly discussed our plans to go to Taiwan, the particular flights would become inexplicably fully booked," he recalled.

Mr Hsu's supporters also said that the Taiwan dissident, who is seeking to return after seven years in exile in the United States, would also try again to enter Taiwan from Tokyo, where an airline denied him a flight to Taipei Sunday.

Mr Hsu wants to return to Taiwan in time for elections this weekend which the opposition DPP is contesting. But Taiwan authorities have said they would arrest him on subversion charges if he tried to enter.

A total of 11 Hsu supporters arrived in Hong Kong Sunday after they were denied entry at Taipei airport.

One of the supporters left Hong Kong on Monday for Tokyo to join Mr Hsu, leaving the others to continue their fight for a Taiwan entry permit, said DPP Overseas Press Secretary Lynn Miles.

They are in Hong Kong on one-month visas, and are led by Linda Shih, wife of dissident Shih Ming-deh, who is serving a life sentence in Taiwan.

Mr Miles claimed he had been handcuffed during his Cathay Pacific Airways flight to Hong Kong from Taipei on Sunday because he refused to comply with a pilot's request not to stage "any unreasonable act" on the plane.

"I refused to comply with the order because they couldn't explain clearly what constituted an unreasonable act," Mr Miles said.

No immediate comment was available from Cathay Pacific headquarters here.

Airline's Treatment Protested

HK011416 Hong Kong AFP in English 1409 GMT 1 Dec 86

[Text] Taipei, Dec 1 (AFP) -- About 1,000 people protested Monday at the local office of Cathay Pacific Airways, chastising the airline for refusing to fly dissident politician Hsu Hsin-liang to Taipei, eyewitnesses said.

The banner-waving crowd accused Hong Kong-based Cathay Pacific of collaborating with Taiwan's ruling Kuomintang (KMT) Party in turning away Mr Hsu at Tokyo's International Airport Sunday, the eyewitnesses said.

"We strongly protest Cathay Pacific Airways bowing to the pressure of the KMT and violating human rights in refusing to allow Hsu Hsin-liang board its flight to Taipei," read a statement distributed at the scene.

The protesters also called for a boycott of the airline.

About 30 police with shields blocked access to the airline office, but escorted Tsai Shih-yuan and Hsu Kuo-tai, Mr Hsu's brother, inside to deliver a letter to protest to airline officials.

Some protesters were seen beating up a security officer who was taking pictures of the two-hour incident. He was later turned over to the police.

Mr Hsu, head of the overseas branch of the opposition Democratic Progress Party (DPP), was denied a seat to Taiwan because, Cathay Pacific said, he lacked proper travel documents.

Taiwan authorities have said they would arrest Mr Hsu on subversion charges if he returns from seven years in exile in the United States.

(Mr Hsu was thought to be still in Tokyo Monday, but his whereabouts were not known, correspondents in the Japanese capital said.)

Mr Tsai and Mr Hsu's brother are candidates in National Assembly and parliamentary elections in Taiwan this Saturday, but DPP Secretary General Chen Ching-chuan said the party "was not informed of the protest plan."

Monday's protest came one day after some 5,000 people staged a violent 10-hour demonstration near Taipei Airport after being barred from the terminal building, where they had hoped to greet Mr Hsu.

The crowd threw stones and damaged police vehicles, as riot police tried to disperse them with fire hoses and tear gas.

DPP Chairman Chiang Peng-chien, a member of the Legislative Yuan, said Monday only about 200 to 300 of the demonstrators Sunday were DPP members, "but we as a party have to bear the results."

He told AGENCE FRANCE-PRESSE that the incident would damage the fledgling party's image and might invite adverse effects in the election.

The DPP was created in September in defiance of a ban on new political parties in Taiwan. The ban was imposed by the KMT government in 1949, when it was pushed off the Chinese mainland by the Chinese Communist Party.

"We denounce the use of violence, but the event would raise doubts of many people against our party," Mr Chiang said of Sunday's demonstration.

"We inherited many assets, but also many burdens as well and our party is like a sprout which is very vulnerable to any outside blows caused by misunderstanding," he said.

The DPP has 1,200 members and represents only part of the opposition movement in Taiwan, where President Chiang Ching-kuo has announced an end to 37 years of martial law in the coming weeks.

Taipei Arrival Reported

HK020352 Hong Kong AFP in English 0340 GMT 2 Dec 86

[Text] Taipei, Dec 2 (AFP) -- Taiwan dissident Hsu Hsin-liang flew in here Tuesday from Manila, witnesses said.

He arrived at Chiang Kai-shek International Airport at 10:55 a.m. (0255 GMT) Tuesday on a Philippines Airlines flight.

The witnesses said Mr Hsu was accompanied by three Japanese journalists and several supporters. They gave no further details.

Taiwan authorities have said Mr Hsu -- sought for sedition -- would be arrested upon arrival.

Informed sources have said, however, that he would be deported to avoid stirring up the already heated campaign for national assembly and parliamentary elections scheduled for Saturday.

No reaction was immediately available from the Taiwan security authorities to the dissident's arrival.

Hsu Sent Back to Philippines

HK020610 Hong Kong AFP in English 0605 GMT 2 Dec 86

[Text] Taipei, Dec 2 (AFP) -- Taiwan dissident Hsu Hsin-liang was sent back to Manila on a Philippines Airlines flight which left at 1:05 p.m. (0505 GMT) after being denied entry by Taiwan authorities because he lacked necessary travel documents, informed sources said.

Mr Hsu arrived in Taipei at 10:55 a.m. (0255 GMT) from Manila on a Philippine Airlines flight but details about his arrival were not available since all journalists were barred from approaching restricted areas which were heavily guarded by hundreds of police and securities [as received].

The sources said the 45-year-old dissident, wanted here on sedition charges, was asked to remain on the aircraft while authorities at Chiang Kai-shek International Airport and airport security officers negotiated with Philippines Airlines.

The sources said three Japanese journalists accompanying Mr Hsu were to return to Tokyo on a Singapore Airlines flight leaving Taipei at 3:45 p.m. (0745 GMT).

The aircraft took Mr Hsu back to Manila without taking passengers after authorities here took the dissident's expired passport, the sources said.

MOFA SPOKESMAN ON JOINING PECC, POLICIES

OW291453 Taipei CNA in English 1428 GMT 29 Nov 86

[Text] Taipei, Nov. 29 (CNA) -- The Republic of China [ROC] has recently applied to become a member of the Pacific Economic Cooperation Committee [PECC] in accordance with its principle of not withdrawing from international civilian activities and on the condition of not violating its basic national policy, the Ministry of Foreign Affairs said Saturday.

MOFA spokesman Cheyne J.Y. Chiu told reporters at a press conference in Taipei that the ROC has recently applied to enter the PECC in the name of the "Chinese Taipei Pacific Economic Cooperation Committee." As a formal member of the committee, the nation sent a delegation to attend the 5th PECC General Assembly held in Canada in mid-November, Chiu said.

The Communist China has also become a member of the PECC and sent its representatives to attend the meeting, Chiu said.

Explaining the purpose of joining the PECC, Chiu said that the ROC is a very important economic and trade nation in the Asian and Pacific Region, and therefore, it should play a more important role in the international community. On the condition of not violating its basic national policy, the ROC is willing to take part in activities sponsored by international civilian organizations, he said.

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